# Unit 1: Planning

## Lesson 1: Introduction to Planning

### Learning Objectives:

In this lesson, the trainee will learn:

1. Basic principles of USAID's planning processes and the relationship of planning practices with the Agency's Core Values;
2. The four major levels of engagement (Agency, regional/sectoral, Operating Unit and activity-level) where the Agency carries on planning;
3. Major considerations in planning; and
4. About the development hypothesis underlying USAID Operating Unit Strategic Plans.

### Outline – Unit 1, Lesson 1

A. Definition of Planning
B. Different Levels of Planning
C. What to Consider when Planning
D. Planning and the Core Values

### A. Definition of Planning:

Planning in USAID is the process by which we make informed choices on the selection of results that we propose to achieve, and identify the resources and actions necessary to accomplish them. This ranges from the worldwide goals set at the Agency-level, to very specific "Intermediate Results" and outputs that are achieved at an individual activity level. Planning involves the <u>participation</u> of many people, including USAID staff, partners, host country governments, the donor community, Non-Governmental Organizations (NGOs), persons from the private sector, and beneficiaries in the host countries. The term "strategic plan" is used in this course to refer to planning undertaken by an Operating Unit (field Mission or Washington Office).

### B. Types and Levels of Planning

Planning takes place in different forms at different levels. Levels include Agency, Regional/Sector, Operating Unit, SO/Results Framework and Activity-level.

a. Agency Planning: As mandated by the Government Performance Results Act (GPRA), USAID and other U.S. Government agencies produce an Agency Strategic Plan (ASP), annual performance reports (APR), and Annual Performance Plans (APP). Agency planning can include very specific strategies or approaches to address specific problems on a Global basis.

b. Regional Planning: General or specific strategies are often developed for entire regions that also serve to guide country-level planning.

c. Operating Unit Plan: Each Unit develops a Strategic Plan that include articulation of the development challenges, development hypotheses and specific results that the Unit is committing itself to during a set planning period. (The topic of strategic plans is covered in more detail in Lesson 3 – Strategic Plan Development)

d. Activity Planning: As part of the final step before achievement begins, Operating Units develop activity plans that include detailed obligation and procurement planning. (This is covered in Unit 1 Lesson 7)

## C. What to Consider when Planning:

a. Clarification of the development challenges and identification of particular problems contributing to each challenge;

b. Determination of the customer group(s) whose situation will change;

c. The parameters and limits placed on USAID resources as a result of planning processes that occur at higher levels;

d. The fact that partner organizations engage in their own planning processes and articulate their own programmatic priorities;

e. Identification of opportunities for engagement that would be appropriate for the Operating Unit;

f. Consideration of alternative courses of actions that might be followed to address the challenges and opportunities; and

g. Clarification of participation requirements in undertaking each action, specifically:

- Who must participate to bring about these changes?

- What working arrangement with participants would work best?

## D. Planning and Core Values

- Customer focus – Our results-orientation requires that we give continual attention to customers' perspectives because lasting results exist only if they are experienced and valued ("owned") by the people affected by them. Furthermore:

  - Customer needs and aspirations, along with the priorities of the Agency's stakeholders, determine what results we aim for;

  - Customer feedback keeps us on track in achieving them;

  - Customer views inform how we judge their merit;

  - Participatory planning techniques ensure that the voice of customers not only influences the choice of objectives and activities, but also contributes to their effective and sustainable achievement.

- Valuing Diversity – USAID has always had a diverse workforce and worked in diverse environments. The emphasis of this Core Value is on "valuing" - that is valuing diversity of backgrounds in our workforce and among the perspectives of partners, customers and other stakeholders in the development process.

  - Valuing Diversity means valuing the contributions that each individual or organization can provide and "bring to the table" during any stage of USAID's work.

- It is recognizing that synergy is created when different skill sets, development approaches, problem solving techniques, and other contributions from a diverse set of sources are brought together to solve a problem.

- Managing for Results – To manage for results, objectives and targets must be set, information must be collected to judge progress, and strategies and tactics must be adjusted. Planning defines objectives and strategies, and resources are budgeted, allocated and obligated on the basis of those objectives.

- Teamwork (and partner involvement) – Teamwork means organizing, giving consent and responsibility to a group of people, united by a common goal and purpose, to work collectively to achieve a result. The majority of USAID's planning, implementing, and monitoring are performed by Strategic Objective teams and sub-teams, each made up of USAID staff, partners and customers. Delegation of decision-making to teams and sub-teams provides an important mechanism for integration and participation.

- Empowerment and Accountability –To empower is to endow with authority -to make and implement decisions. It requires a balance between granting autonomy but with responsibility for actions and the results arising from their acts. With proper communication of boundaries, expectations, desired outcomes and the roles of team members, teams can focus on planning for and achieving results and be held accountable for those results.

- Planning and USAID as a Learning Organization - In learning organizations, planning is considered a learning process. Planning constitutes an opportunity to advance institutional learning. In articulating and tracking a development hypothesis at the center of each of its programs, Operating Units test and validate important learnings about how to best address development challenges. Capturing this information and sharing it among other Operating Units and teams can advance the state of the art within the Agency. This learning contributes directly to the overall effectiveness of the organization.

## Lesson 2: Strategic Planning Parameters

### Learning Objectives:
In this lesson, the trainee will learn:
1.     The purpose of USAID's strategic planning and the Agency Strategic Plan;
2.     Content and purpose of the other strategic planning processes that support interagency coordination (IASP, MPP); and
3.     Regional, sectoral and financial parameters that set the context for Operating Unit strategic planning.

### Outline – Unit 1, Lesson 2
A.  Strategic Planning Introduction
B.  Why Do Strategic Planning?
C.  Agency Strategic Plan (ASP)
D.  Overview of Interagency Coordination
    1.  International Affairs Strategic Plan
    2.  Mission Performance Plan (MPP)
E.  Strategy Parameters
    1.  USAID Regional and Sector Plans
    2.  Development Policies
    3.  Resources

### A.     Strategic Planning Introduction

Lesson 1 introduced different types and levels of planning and described several important considerations to include in all planning processes.  Strategic planning at the Operating Unit level requires two specific considerations, which will be explored in Lesson 2 and 3 respectively.  The first is the need to consider strategic planning parameters provided by Washington Bureaus.  The second is the pivotal concept of the development hypotheses that provides the basis of all Operating Unit Strategic Plans.

Strategic planning is the process by which an Operating Unit defines and articulates the strategic objectives and special objectives it seeks to achieve, and the resources necessary to achieve them. Some Washington Units will define Strategic Support Objectives (SSOs) which are aimed at supporting the objectives of other Operating Units.  The ultimate output of the strategic planning process is a Strategic Plan (SP) document.  This document provides a framework for and reflect agreement among the Operating Unit, its USAID/Washington Bureau, other Bureaus and key partners on the objectives of USAID-financed programs and their funding.

Operating Units plan their strategies within the larger context of US government, Agency, and Bureau priorities.  This lesson addresses these planning parameters.  The subsequent lesson -- Strategic Plan Development -– describes the analyses and planning tools used to develop an Operating Unit SP and the actual content of a SP document.

## B. Why Do Strategic Planning?

The strategic planning process provides a means to:

♦ Assess the development challenges and opportunities within a particular country or region and develop a <u>collective</u> understanding of the trends (social, economic, political, environmental, etc) and outstanding development problems;

♦ Identify what more information (through surveys or studies) we need to know to plan interventions that lead to sustainable development;

♦ Clarify the alternatives available for strategy development;

♦ Bring partners together to consider the Operating Unit's comparative advantage and make informed choices about strategy alternatives;

♦ Articulate a sound development hypothesis that focuses USAID's programs on results (as opposed to inputs and outputs);

♦ Ensure that resource (financial, human, etc.) planning is clearly linked to the achievement of specific development results;

♦ Assure that strategies address expressed customer needs; and

♦ Reach agreement with a host country and major stakeholders and partners on how the Operating Unit will proceed in accomplishing the program strategy.

## C. Agency Strategic Plan

USAID's current Agency Strategic Plan (ASP) was completed in September 1997, and reflects the requirements outlined in the Government Performance and Results Act (GPRA) of 1993. It describes seven high level Agency goals which provide a framework within which all lower level Bureau and Operating Unit plans are developed. The ASP reflects agreements reached with OMB, Congress and other stakeholders such as the PVO community on the focus of USAID's work worldwide. These Agency goals provide a reporting framework against which the Agency reports its results each year in the Annual Performance Report. The Agency Strategic Plan covers a five year period. It is supplemented by the Annual Performance Plan which lays out in more detail the accomplishments that are planned in any given year. The APP is formally submitted to OMB and Congress each year along with the Agency's budget request.

| **Agency Strategic Plan Goals** |
| --- |
| • Broad-based Economic Growth & Agricultural Development Encouraged |
| • Democracy & Good Governance Strengthened |
| • Human Capacity Built Through Education and Training |
| • World Population Stabilized and Human Health Protected |
| • The World's Environment Protected for Long-term Sustainability |
| • Lives Saved, Suffering Associated with Natural or Man-made Disasters Reduced, and Conditions Necessary for Political and/or Economic Development Re-established |

The ASP is reviewed an amended every few years. The current version is available on the USAID internal and external web site.

## D. Overview of Interagency Coordination

USAID coordinates its strategic planning with other U.S. Government Foreign Affairs agencies such as the Departments of State, Commerce, Agriculture, Treasury and Justice. This coordination takes place through the development of the:

♦　　　International Affairs Strategic Plan in Washington, and the

♦　　　Mission Performance Plan  (MPP) at a country Embassy level

### 1. International Affairs Strategic Plan (also known as the Strategic Plan for International Affairs).

The International Affairs Strategic Plan (IASP) was first completed in September 1997 to provide a framework for coordination among U.S. government foreign affairs agencies.  It was developed through an inter-Agency process involving USAID, the Department of State and other Agencies and Departments.  The IASP articulates seven fundamental U.S. national interests related to overseas operations and sixteen foreign policy goals aimed at supporting these interests.  USAID's six Agency development goals are included in these 16 goals. The plan should be seen as a reference point for USAID's Agency and Operating Unit Strategic Plans.  The International Affairs Strategic Plan is used as a framework for developing Mission Performance Plans (MPPs) in specific countries.

### 2. Mission Performance Plan (MPP).

The MPP is the USG's integrated inter-agency strategy document for a given country. It is prepared by the US Embassy Country Team with the involvement of all Agencies represented in a country.

Each Ambassador approves the MPP for their country, including components that correspond to USAID.  Mission Directors are responsible for ensuring that USAID strategic objectives are reflected in and congruous with the goals of the MPP.  The MPP Goals are selected to support one or more of the sixteen strategic goals contained in the International Affairs Strategic Plan.  Since the IASP incorporates USAID's Agency Strategic Plan goals, incorporation of USAID strategies into the MPP is usually a straightforward matter.  Because the MPP is a very abbreviated document covering a short time span of one or two years, it is not suitable as a basis of decision making for USAID strategies.

**Cross-Agency Coordination and Implementation of Programs.**

The International Affairs Strategic Plan and MPP processes are designed to encourage USG agencies to work more effectively together.  By collaborating across agencies and goal areas, duplication of effort or working at cross-purposes can be minimized. Agencies can provide more cost-effective assistance and strengthen the achievement of results through coordinated efforts.

## E. Strategy Parameters

Beyond the Agency Strategic Plan which provides a context and justification for all lower-level Agency strategies, Operating Units work within a more detailed set of parameters when designing their strategies. These strategic, resource and policy parameters are defined in relation to a specific Operating Unit strategy during a parameter setting process in USAID/W. The responsible Bureau communicates these parameters to the Operating Unit via a cable or memo. The Operating Unit must then work within these parameters to develop a strategy that meets the needs of its customers. There are three major sets of parameters: regional and sector plans, development policies, and resources. Detailed descriptions of each follow:

1.      **USAID Regional and Sector Plans**

Operating Unit strategies must respond to applicable regional or sector-specific plans developed by the Agency. These plans essentially function either to narrow the set of possibilities provided in the Agency Strategic Plan, or provide more detailed direction as to how ASP goals are to be pursued based on lessons learned from past experience. Operating Units will need to clarify which of these Regional or Sector plans apply to their case. Some examples are as follows:

♦    The Europe and Eurasia (E&E) Bureau has developed an E&E Strategic Framework that serves as an umbrella strategy for all of its country programs. Originally conceived of as a regional strategy that could be quickly implemented in countries transitioning from communism, this framework delineated a sub-set of goals that would be pursued in the E&E region. More recently, this framework has been used to guide development of country-specific strategic plans, which are designed with the parameters of the E&E Bureau strategy.

♦    Some regional bureaus have sub-regional strategies. For example, the Asia and Near East Asia (ANE) Bureau's Asia Environmental Partnership promotes clean energy and power sector reform across several countries. Operating Units working in countries involved in these sub-regional strategies must ensure that the Operating Unit's strategy is complementary to regional initiatives.

♦    The Global Bureau in some cases has developed more detailed approaches and strategies to carry out broader Agency goals in specific areas. For example, the Global Climate Change Initiative has identified priority countries in almost every region. Operating Units planning environmental work in these countries will need to be aware of, and sometimes specifically respond to these Global initiatives.

2.      **Development Policies**

USAID has policies and guidance covering many areas of USAID programming, which apply at different levels of planning. Examples of these include policies relative to free trade zones, endowments, micro-enterprise activities, gender, conflict prevention etc. These are found in the ADS series 200, in Handbook 1 and, at times, in interim Agency

Notices.  Some of these policies simply communicate development approaches that have proven most successful for consideration during strategic planning.  Others outline procedures that USAID uses to comply with Congressional restrictions or other federal regulations on some types of programs.  It is important for Operating Units to identify those policies that may be highly prescriptive in terms of what can or can't be done in a particular case.  Expert advise will sometimes be needed on application of these policies.

3.      **Resources**

Prior to initiating the strategic planning process, Operating Units must be aware of the likely budget and staffing resources that will be available for their program.  Aside from absolute dollar levels, two major factors are earmarks and directives specify use of dollars for certain categories of activities.  These earmarks and directives don't define specific objectives that must be met, but they can limit flexibility of Operating Unit in their strategic planning.  Funding categories are created for the major earmarks.  These funding categories are not synonymous with the Agency goal areas as demonstrated below:

| USAID's **Agency goals** include: |
| --- |
| • Broad-based Economic Growth & Agricultural Development Encouraged |
| • Democracy & Good Governance Strengthened |
| • Human Capacity Built Through Education and Training |
| • World Population Stabilized and Human Health Protected |
| • The World's Environment Protected for Long-term Sustainability |
| • Lives Saved, Suffering Associated with Natural or Man-made Disasters Reduced, and Conditions Necessary for Political and/or Economic Development Re-established |
| • USAID Remains a Premier Bilateral Development Agency (Management Goal) |

| The Agency currently tracks and reports **earmarks** and **directives** in: |
| --- |
| • Child Survival; |
| • Population; |
| • HIV/AIDS; |
| • Democracy and Governance; and |
| • Environment. |
| (Earmarks change yearly, these are current to FY 2000) |

It is not uncommon to have resources from more than one funding categories committed to a particular strategic objective as long as the funded activities match the eligible uses defined by the earmark.  For instance, an agricultural strategy, which would be primarily funded with economic growth funds, could have some natural resources management activities funded with environment monies.  Another example would be an integrated health strategy that utilizes population, child survival and HIV/AIDs funding.

The availability of funds within particular earmarks by region will constitute a defining parameter on the size and ambitiousness of Operating Unit strategies.

## Lesson 3: Strategic Plan Development

### Learning Objectives:

In this lesson, the trainee will learn:

1.  Content of an Operating Unit Strategic Plan;
2.  The types of analyses used to establish a sound development strategy;
3.  The definition of a Strategic Objective and development hypothesis;
4.  Concepts behind the Results Framework that illustrates the strategy's development hypothesis; and
5.  What is meant by an Operating Unit's "management contract".

### Outline – Unit 1, Lesson 3

A.  Outline of the Strategic Planning Process
B.  USAID/W Collaboration in Operating Unit Strategic Planning
C.  Strategic Analyses, Trend Analysis and Assessments
   1. Strategic Analysis and Assessment
   2. Country Analysis
   3. Sector/Technical Analysis
   4. Customer Analysis
   5. Gender and Social Analysis
   6. Institutional/Administrative Analysis
   7. Financial/Economic Analysis
   8. Critical Assumptions
D.  Identifying the Strategic Objectives (SO)
   1. Other Types of Program-level Objectives
   2. Critical Assumptions
E.  Articulation of the Development Hypothesis and Corresponding Results Framework
   1. The RF as a Management Tool
   2. Identifying Intermediate Results
   3. Causal Linkages
F.  Contents of Strategic Plans
G.  The Operating Unit's Management Contract

### A. Outline of the Strategic Planning Process

In Lesson 1 – Introduction to Planning, general considerations for planning exercises were outlined. These are amplified here as illustrative steps that typically occur in a strategic planning process. The exact steps will vary from one Operating Unit to another. Common to each will be the need for:

*   High level of participation of partners and stakeholders throughout the process;
*   Careful analysis of the development problems and strategy alternatives; and
*   Consensual decisions about strategic choices.

Prior to engaging in strategic planning, the Operating Unit will need to outline and agree on the planning process that will be used. When the SP builds on work carried out under a previous strategy a field Mission will typically charge existing SO Teams with development of follow on SOs in their respective areas. If the strategy involves several SOs and significant country analysis, additional support and coordination is often provided by the Mission's Program Office. Alternatively a special working group is created to direct the process often under the direction of the Program Office. Outside assistance is often used to conduct analytical work and facilitate development of consensus. The basic sequence of planning steps is summarized below. Each of these steps is discussed within this lesson unless otherwise noted:

1. Design and agreement on the strategic planning process, including a calendar of planning events and documentation deadlines;
2. Strategic problem analysis, trend analysis and assessments, these include:
   - Assessment of the planning parameters (as described in Lesson 2), and
   - Clarification of the development challenges, identification of particular problems contributing to each challenge, and opportunities for amelioration (various analytical tools are described in detail later in this lesson);
3. Determination of the customer group(s) whose situation will have to change as a result of the new strategy;
4. Identification of opportunities for engagement that would be appropriate for the Operating Unit;
5. Consideration of strategic alternatives that might be adopted to address the challenges and opportunities;
6. Selection of the Strategic Objective;
7. Articulation of the development hypothesis which will lead to achievement of the SO;
8. Clarification of participation requirements in undertaking each action, specifically:
   - Who must participate to bring about these changes?
   - What working arrangement with participants would work best? (This could lead to modification of the SO Team or sub-team membership.);
9. Development of a detailed Results Framework, which illustrates the development hypothesis and identifies all the necessary Intermediate Results (IR) contributing to achievement of the SO;
10. Clarification of the list critical assumptions, ultimate customers and illustrative activities for each IR;
11. Preparation of the Performance Monitoring Plan *(see Lesson 4)*;
12. Preparation of the resource requirements for budget and staffing *(see Lesson 8)*;
13. Drafting and vetting the SP document;
14. Submission of the strategy.

Once the strategy is approved (by issuance of the Unit's Management Contract - *see last section of this lesson*); the process will include:

15. Finalization of the team structures *(see Lesson 5)*; and
16. Preparation of activity planning (*see Lesson 7*) leading to achieving the strategy – the topic of Unit 2.

**B. AID/W Collaboration in Operating Unit Strategic Planning**

Field Missions should develop their strategies in cooperation with their Regional Bureau and other USAID/W units who can provide analytical support. Washington Operating Units developing strategies will need to coordinate with Missions and regional Bureaus when considering activities in their regions. All Operating Units may identify "virtual" team members who assist in specific aspects of strategy development. This often includes relevant technical staff from regional bureaus and the Global Bureau.

The Operating Unit SP will be reviewed and approved at the Bureau level in USAID/W. Bureaus coordinate the review process in collaboration with the Policy and Program Coordination Bureau (PPC), the Agency's Budget Office and other relevant offices.

**C. Strategic Analyses, Trend Analysis and Assessments**

Sound development strategies are based on careful analysis and effective management of the planning process so that the resulting strategy will be well thought through and have the support of its major stakeholders. The Operating Unit (SO Teams or designated working group) in charge of the planning process will determine which of the following types of analyses are appropriate and useful to support development and approval of an effective strategy that is likely to succeed. There are many ways to conduct these analysis. Some will be most effective when conducted in a participatory manner with key partners. This helps build consensus for the conclusions that emerge. The results of these analyses will be reflected in the choice of objectives and Intermediate Results, and the development hypothesis.

**1. Strategic Analysis and Assessment**

In the early stages of strategy development, Operating Units will assess and analyze the current conditions in the host country (or region), as well as the overall context affecting assistance. Several important questions relating to success of overall development efforts should be kept in mind throughout the strategic planning process. These include:

- <u>Will results be sustainable</u>? USAID strategies must consider how results can be sustained, including human capacities and prospects for institutional, political and financial sustainability over the long term. Improvements in social conditions that are wholly and permanently dependent on USAID assistance, without realistic prospects for lasting beyond USAID funding flows, do not constitute sustainable development.

- <u>What is USAID's comparative advantage</u>? Operating Units should not attempt to address needs that are being adequately addressed by other donors. Country strategies should reflect and grow from USAID's field presence, experience and technical expertise.

- How can broad systemic change be achieved? USAID strategies should strive to have broad systemic impact, rather than consist exclusively of isolated, self-contained interventions. Examples of such systemic impacts include changes in social rules and policies influencing public and private resource allocations. In some instances, experimental or innovative activities that are limited in scope may be appropriate if there is scope for applying the lessons learned more broadly at a later point by USAID or others.

- Which problems can be effectively addressed? Not all development problems can be solved. For example, it is not realistic to expect to totally eliminate poverty. Furthermore, even when significant need is clearly established, opportunities for USAID assistance to be used effectively are not always present. Lack of political commitment or inappropriate policy frameworks may limit the opportunities for productive USAID investments.

- What conditions will affect program success? Certain conditions may exist that are outside the control or influence of USAID and its partners. The Operating Unit should be confident that, should they pursue their strategy, these conditions or a change in these conditions will not negatively affect the achievement of results. The Operating Unit may not want to further pursue a particular strategy if the risk of reversals is too high.

- Are proven development models or approaches available? USAID, as well as other donor agencies, have developed many approaches and tools over the years that have proven to be successful. Where there is no demonstrably successful approach, USAID strategies should be carefully constructed with specification of anticipated results and a clear process to learn from the experience.

2. **Country Analysis**

When Operating Units consider the development of a new strategy, they will conduct some country-wide or macro-level analyses, such as political, economic, social, and environmental analyses. These assessments should be thorough enough to understand the various conditions, constraints, and needs that exist in the country and better inform strategic choices.

Specific factors that should be considered and understood through a country analysis might include:
- Economic conditions
- Quality of Life
- Host Government policies
- National, Regional, and Local community conditions
- Donor roles and programs
- Firmly held religious and cultural practices
- Environmental trends
- Cross-border issues

- Presence of or potential for conflict
- Gender and family roles

3. **Sector/Technical Analysis**

The Operating Unit will often focus efforts on certain sectors within the country. Operating Units will want to take stock of current conditions and trends within a sector they may be considering for programmatic focus (e.g., agriculture, forestry, tourism, industry, banking, and mining).

When Operating Unit already have considerable background and experience in a sector, due to long-term presence and prior work, existing knowledge may only need to be supplemented with more limited and focused assessments. While past activities should not dictate choices of new program results, lessons-learned in past programs should clearly guide the development and selection of strategic alternatives in a new program. The analysis of the Agency's engagement in the sector within other countries and settings may also inform the choice of the new Strategic Objective.

The end result of the analyses should be an informed choice about the sectors of concentration and specific objectives that USAID will pursue.

4. **Customer Analysis**

Strategies must be designed with input obtained directly from and in collaboration with "ultimate customers". This helps ensure that USAID efforts complement and support the country's and communities' own self-development efforts and develops broader commitment to the development changes proposed by USAID.

To do this, Operating Units will need to define their potential customers and understand how each group will be affected by, and react to a proposed strategy. Variables to consider in identifying potential customers include:
- Geographic location such as national/regional, rural/urban, or other selected areas;
- Economic groupings or occupational categories;
- Gender;
- Specific age groups, e.g., adults, children under five, etc.; and
- Particular cultural/ethnic or religious groups.

Once potential customers are identified, the Operating Unit will want to use surveys or rapid appraisal techniques to obtain their input and better understand their points of view, values, beliefs, and perceptions that relate to proposed programs. This information is critical to ensuring a common understanding of the problems that are worth investing in. Inadequate customer participation and input translates into misdirected activities that don't achieve and sustain anticipated results.

5. **Gender and Social Analysis**

Gender is often a key variable to consider in planning a strategy. "Gender" refers to the economic, social, political and cultural attributes and opportunities associated with being male or female, the comparative or differential roles of women and men, and the relationship between them. A gender-aware strategy development process considers the differential roles of males and female in the activities that the strategy intends to affect. This information can often lead to significantly different approaches for defining and solving development problems. In most country contexts, other social factors will also need consideration such as age, economic class, ethnicity, and the differences between rural and urban populations. In performing customer analyses, Operating Units should ensure that gender and social considerations are included. Social analysis may be performed for this purpose. This could include assessing the differential impact of proposed and/or existing programs on women and men, thereby testing assumptions that programs may affect diverse populations in the same way. Technical support for conducting gender analysis is available through the WID office in the Global Bureau.

6. **Institutional/Administrative Analysis**

At the Strategic Planning stage, Operating Units will identify major potential partner organizations it expects to work with, including host government entities, PVOs and NGOs. While more detailed capacity analysis may be needed as part of activity planning when such entities are to receive USAID funding (see Lesson 7), some preliminary work is often useful at the strategic planning stage. Potential Issues to address include:
- Institutional range; i.e. what institutions exist that can work in a particular sector?
- Capacity of the institutions;
- Drawbacks to working with the institutions;
- Relationship to ultimate customers;
- Relationship to other useful entities;

Creation of a new institution is sometimes considered as part of a strategy. The complexity of such a step as well as time and costs involved often makes this a risky approach. In most cases strengthening of existing institutions is the preferred course of action.

7. **Financial/Economic Analysis**

Operating Units will need to establish that proposed results are achievable within projected funding levels as well as demonstrate that the results bear a favorable relationship to costs. For some strategies that may hinge on particularly costly activities such as large infrastructure projects, it may be appropriate to conduct cost-benefit or internal rate of return type of analyses. These may be deferred to the activity planning stage, or they may be necessary to address concerns at the strategy approval level (also see Activity Planning lesson).

Performing the types of assessments described above will help the Operating Unit begin to formulate their Strategic Objective, development hypothesis and Results Framework.

### D. Identifying the Strategic Objective (SO)

In the process of conducting the types of analyses outlined above, various alternatives for a program strategy will become apparent. At some point, the SO team or working group will articulate potential Strategic Objective statements that could define the strategy in a program area. This task is often conducted in a highly participatory manner that includes the participation of a broad group of potential partners and stakeholders. The pros and cons of the various strategy alternatives will need to be analyzed in order to select the most appropriate one for the Operating Unit. A process that facilitates broad agreement on the SO will lead to a strategy that will be easier to get approved and ultimately implement.

The definition of the SO statement is important and challenging. A Strategic Objective is defined as "the most ambitious result (intended measurable change) that a USAID operational unit, along with its partners can materially affect and for which it is willing to be held accountable." (ADS 201.5.10a)

Each Strategic Objective is:
- Typically achieved within 5 to 8 years.
- Linked to Agency goals.
- Expressed in terms of a result or impact that is measurable, clear, and precise.

Defining a SO at an appropriate level of impact is one of the most critical and difficult tasks a SO Team will face. It is a critical task because the Strategic Objective forms the standard by which the operational unit is willing to be judged in terms of its performance. The task is difficult because a SO should reflect a balance of two, potentially contrary considerations - ambition and accountability.

In short, a Strategic Objective should reflect the Operating Unit's best assessment of what can be realistically achieved by USAID and its partners within a given time frame and set of resources. The Strategic Objective must, in the end, strike a balance between ambition and accountability.

### 1. Other Types of Program-level Objectives

In addition to Strategic Objectives, USAID uses Strategic Support Objectives and Special Objectives.

Strategic Support Objectives (SSO) allow Global and other central or regional bureaus that are providing critical support to missions' development efforts to relate that support to development results.

Special Objectives (SPO) are typically used for program objectives that do not qualify as SOs. Special objectives can cover foreign policy priorities not specifically reflected in the Agency Strategic Plan, special congressional earmarks, exploratory or experimental activities, or a research activity.

2.  **Critical Assumptions**

In defining the Strategic Objective (as well as the Intermediate Results), the SO Team needs to identify any critical assumptions that may affect the success of the proposed strategy. Assumptions are the existing or developing conditions, events, or criteria that are outside the control or influence of USAID and its partners. They are important in so much as they reflect conditions that are likely to affect – either positively or negatively - the achievement of results.

Critical assumptions are those assumptions on which the success of the SO or IRs depends. These assumptions must be explained as part of the strategy description. For instance, a strategy focused on "increased agricultural productivity" might have "no drought during the strategy period" as a critical assumption. If this assumption were not to hold true the success of the strategy would be in jeopardy. Drought is clearly not a condition within the SO Team's control or influence. Another common example of a critical assumption is that "political turmoil in a neighboring country will not lead to destabilization of conditions in the host country." Such critical assumptions are essential to the basic causality of program strategies and may need to be monitored over the life of the strategy.

Critical assumptions should not be confused with necessary results or conditions being supported by other organizations within the operating environment. These are outcomes on which USAID may not have control, but should certainly have some influence. An example of this would be USAID-funded results designed to exploit opportunities presented by a policy reform program being conducted by the host government or another donor. The Operating Unit would certainly want to communicate with the reform program managers in order to stay abreast of their developments. If the reform program were to falter, the SO Team would need to consider altering their strategy.

E.  **Articulation of the Development Hypothesis and the Corresponding Results Framework**

As introduced in Lesson I – Introduction to Planning, a vital element of the Operating Units' strategic planning exercise involves articulation of a development hypothesis. A separate hypothesis is prepared for each SO.

Definition: Development hypothesis: A narrative description of the causal linkages between Intermediate Results and a SO that are expected to lead to the achievement of the SO. The hypothesis is based on sound development theory, knowledge and experience.

The development hypothesis answers the simple question "how do we expect to achieve the proposed SO" in the time allotted. The description of the development hypothesis will include:

- How do we believe the development changes will be brought about?
- What development theory or empirical knowledge are we drawing on to make this hypothesis?
- What are the specific causal links between the results contributing to the changes?
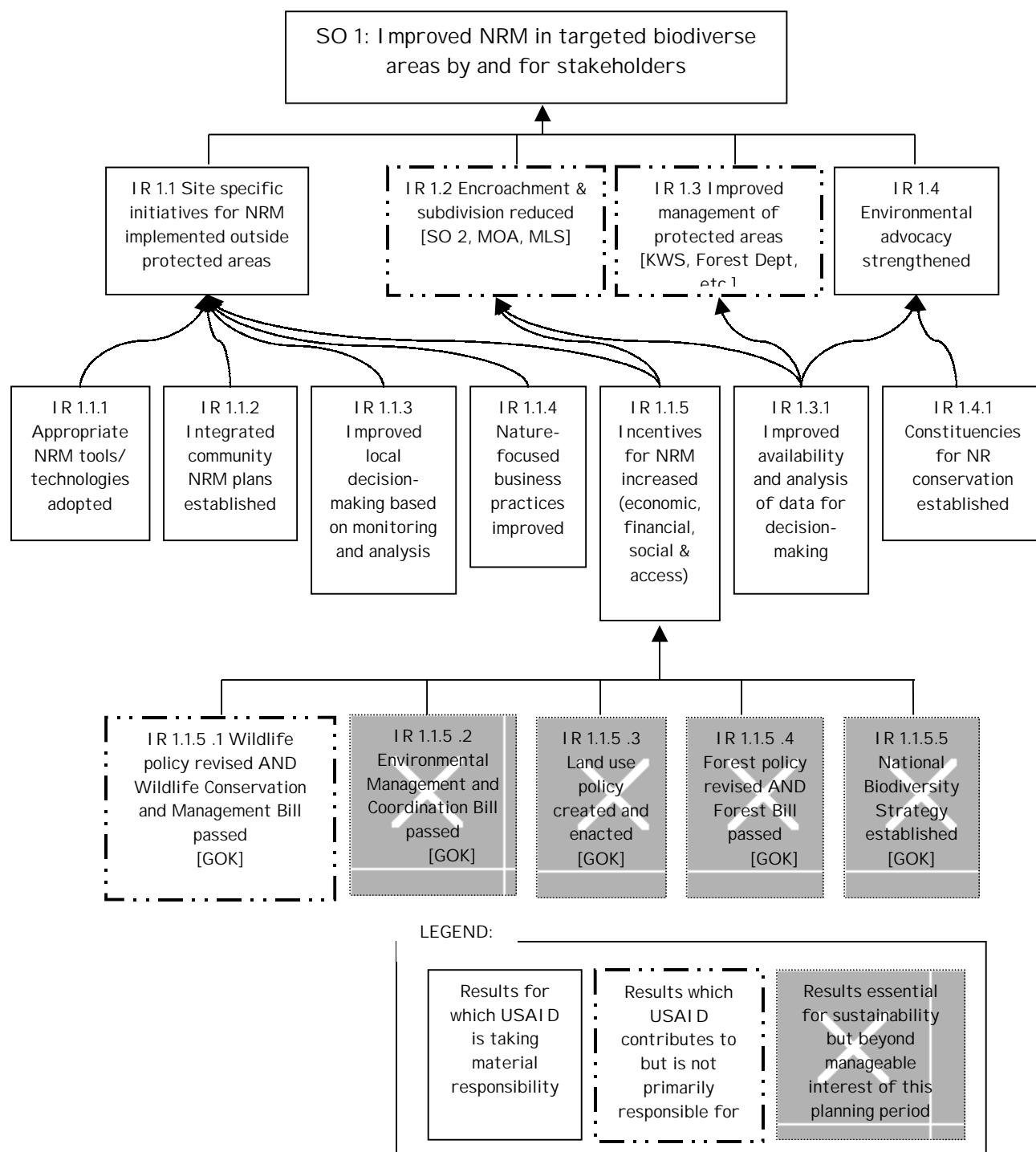- Are there any other critical considerations or issues predicated in the hypothesis?

Keep in mind that the development hypothesis is in fact a hypothesis, or "testable statement," based on the Operating Unit's best thinking and inquiry into the development problems it is addressing. It represents a tentative explanation that accounts for the set of facts that can be tested through further investigation. This further investigation is one of the major functions of the SO Team in managing for results. The development hypothesis in the strategy is the tentative and testable explanation of causal linkages between an SO and its IRs.

The Results Framework (RF) is a presentation of an Operating Unit's development hypothesis for achieving a specific strategic objective (SO). Typically, it is in the form of a graphic, supplemented by narrative. A RF is a key element of an Operating Unit's strategic plan, and includes the objective and the Intermediate Results, whether funded by USAID or its partners, necessary to achieve the objective. Activities, inputs and outputs are not included in the RF; these means are addressed by the SO Team after strategy development and are discussed in detail in Lesson 7 – Activity Planning.

A RF presents the development hypothesis implicit in the strategy and the cause and effect linkages between the Intermediate Results and the objective. It includes any critical assumptions that must hold in order for the development hypothesis to lead to the achievement of the relevant objective.

In short, a reasonable person looking at a Results Framework should see within the framework the Intermediate Results critical to the achievement of the objective and be able to understand the basic logical premises underlying the strategy. As the working group or SO Team designs its strategy and crafts its Results Framework, it should also consider what performance indicators it will use to show impact and possible activities for achieving the results. For more on RF development see CDIE Tips.

## Example: SO 1 Results Framework

SO 1: Improved NRM in targeted biodiverse areas by and for stakeholders

IR 1.1 Site specific initiatives for NRM implemented outside protected areas

IR 1.2 Encroachment & subdivision reduced [SO 2, MOA, MLS]

IR 1.3 Improved management of protected areas [KWS, Forest Dept, etc.]

IR 1.4 Environmental advocacy strengthened

IR 1.1.1 Appropriate NRM tools/ technologies adopted

IR 1.1.2 Integrated community NRM plans established

IR 1.1.3 Improved local decision-making based on monitoring and analysis

IR 1.1.4 Nature-focused business practices improved

IR 1.1.5 Incentives for NRM increased (economic, financial, social & access)

IR 1.3.1 Improved availability and analysis of data for decision-making

IR 1.4.1 Constituencies for NR conservation established

IR 1.1.5 .1 Wildlife policy revised AND Wildlife Conservation and Management Bill passed [GOK]

IR 1.1.5 .2 Environmental Management and Coordination Bill passed [GOK]

IR 1.1.5 .3 Land use policy created and enacted [GOK]

IR 1.1.5 .4 Forest policy revised AND Forest Bill passed [GOK]

IR 1.1.5.5 National Biodiversity Strategy established [GOK]

LEGEND:

Results for which USAID is taking material responsibility

Results which USAID contributes to but is not primarily responsible for

Results essential for sustainability but beyond manageable interest of this planning period

## 1. The RF as a Management Tool

In so much as the development hypothesis is a "testable statement", the detailed depiction of the hypothesis - the Results Framework – should be considered to be a

dynamic framework that will serve not only for planning purposes but also as a flexible management tool.  As the SO Team learns more about the development conditions and as these conditions change or evolve the team will need to make changes in the RF to assure that achievement of the SO does not get off track.   The RF serves as an iterative management tool in several ways.  These include:

a.  As the foundation for several critical management processes that implicate all the members of the SO Team.  These processes include:
   - Reaching agreement on expected results and required resources;
   - Identifying and designing activities;
   - Documenting activities and investment in relation to program –level results;
   - Selecting appropriate indicators for each USAID-supported result;
   - Using performance information to inform program management decisions (e.g., adjusting specific program activities/reallocating resources), and;
   - Analyzing and reporting on performance through the R4 process.

   Therefore Results Frameworks should remain flexible in that they should be revisited from time to time and adjusted, as program needs dictate.

b.  As an important communication tool that the Operating Unit or SO Team uses to work with its development partners and customers to build consensus and ownership around shared results and tactics.

c.  As a communication tool for use with major stakeholders (host government, USAID/W, other donors, etc), which succinctly captures the key elements of a strategy leading to achievement of the SO.

2.  **Identifying Intermediate Results**

As articulated in the development hypothesis, the Operating Unit predicates the achievement of the SO on achieving a set of contributing or Intermediate Results (IRs).  These IRs are explained and depicted in the RF.

   <u>Definition:  Result</u> – A developmentally significant change in the condition of a customer or in a host country condition which has a relationship to the customer.  What constitutes "significant" depends on the particular developing country context.  Strategic Objectives are the highest level result for which an Operating Unit is held accountable.

   <u>Definition:  Intermediate</u> Result - A discrete result that must be achieved in order to achieve a Strategic Objective or another intermediate result.

USAID, along with its partners, must identify the key IRs that are necessary and sufficient to achieve the SO.  It is crucial to remember that a Results Framework must include all of the IRs, whether supported by USAID or its partners (including those defined as "critical assumptions", required to achieve the SO.

In identifying IRs, SO Teams should ensure that all results statements are:

- End results, rather than an on-going activity.
- Unidimensional result (with one final effect) instead of a multi-dimensional result (a combination of more than one result).
- Measurable and verifiable. Given supporting data, even a skeptic should agree that it is a bonafide result.

## 3. Causal Linkages

A Results Framework should show the principle cause and effect linkages between the IRs and the SO, regardless of relative importance or chronology in implementing each respective IR. Once a SO Team is satisfied with its initial analysis, the team can construct their Results Framework by examining the causal relationships between the SO and Intermediate Results. The Team illustrates their development hypothesis through defining these relationships.

The relationship between two IRs that are "linked", or between an IR and the SO, should be causal in nature. That is, achievement of one result is necessary for, and contributes to, achievement of the other. Essentially, causality is one of simple "cause and effect" or "if/then", meaning:

"<u>If</u> this result occurs . . . <u>then</u> another result will be produced"

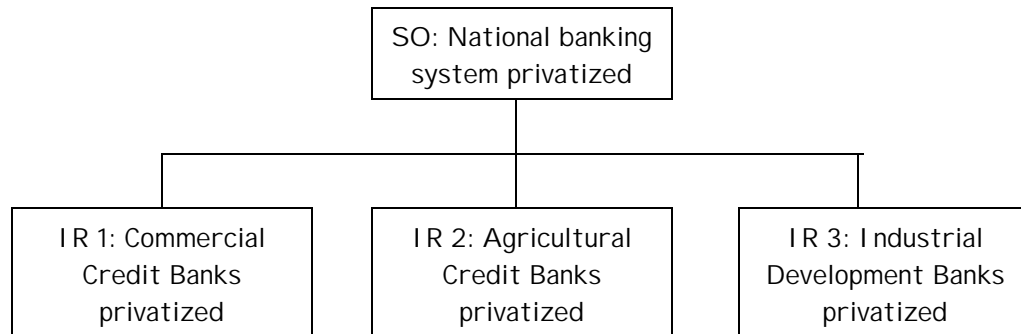"One result is the <u>cause</u> of another result (<u>an effect)</u>"

In clarifying the causality leading from one IR to another some of the following questions might prove helpful:

- Why are we doing this result?
- Why does this result matter?
- If we accomplish this IR, how will it contribute to progress towards achievement of the stated SO?
- What are the changes/results necessary and sufficient to lead to the next level of result?
- Is the causal relationship between these two IRs hierarchical or crosscutting. Crosscutting causality refers to an Intermediate Result on one "level" which contributes to the achievement of other Intermediate Results on two or more "levels". This is common and acceptable practice.

    Note: SO Teams may at times encounter difficulty with defining causal linkages. In the Democracy and Governance area, for example, the development hypothesis for achieving results is not well understood. In these cases, defining all linkages causally may not be possible. But they should be testable.

Two important pitfalls in clarifying causality are:

- Ensuring that relationships defined between results are causal rather than categorical or definitional.   Categorical or definitional causal is not true cause and effect.  An example of this would be following threes IRs leading to the achievement of the SO "National banking system privatized":

```
                    ┌─────────────────────┐
                    │  SO: National banking │
                    │  system privatized    │
                    └─────────────────────┘
        ┌────────────────────┼────────────────────┐
┌──────────────┐    ┌──────────────┐    ┌──────────────────┐
│ IR 1: Commercial│  │ IR 2: Agricultural│ │ IR 3: Industrial  │
│ Credit Banks    │  │ Credit Banks      │ │ Development Banks │
│ privatized      │  │ privatized        │ │ privatized        │
└──────────────┘    └──────────────┘    └──────────────────┘
```

Note that all three IRs are just categories of the result stated in the SO. These are further definition of the SO, not causes that would effect its achievement.

and

- Understanding that expected time frame within which each result will be achieved and the effect of such a time frame on other results in the causal chain.

## F.  Contents of a Strategic Plan (SP)

The Operating Unit's Strategic Plan document should include the information necessary to secure endorsement by Agency management on the following:
- Proposed Strategic Objectives and targeted magnitude of impact;
- Associated resource requirements; and
- Requested delegations of authority.

The Agency Directives System (ADS) contains a basic format for Strategic Plans.  However, Operating Units are not required to strictly adhere to the format.  Operating Units work from the basic format to develop a more detailed SP outline which organizes the content to best present their particular strategy.  Since strategies and programs vary, Operating Units should consult with their respective bureaus to adopt the best document outline for their particular circumstances and needs.  Generally, strategies should provide a clear and concise discussion of the issues and strategic decisions that should include the following:

1. A summary analysis of the assistance environment and rationale for focusing assistance in particular areas.  The discussion should include country trends, development constraints and opportunities, the role of other donors, U.S. foreign policy interests, and customer needs.

2. For each proposed Strategic Objective, an explanation of the strategy, including:

   • A detailed problem analysis;

   • Discussion of strategic options considered in light of the problem analysis and the unit's comparative advantage;

   • An explanation of the proposed Strategic Objective;

   • Proposed performance measures and illustrative targets (at a minimum for the SO);

   • A description of how sustainability will be achieved.

   • A description of the development hypothesis illustrated by a Results Framework and discussion of the Intermediate Results ; and

   • A summary of illustrative activities relative to each Intermediate Result.

   • Activities in the SP are referred to as "illustrative" because Operating Units are not committing themselves to these specific tactics as part of their strategy. As part of the Managing for Results and Empowerment and Accountability Core Values, Operating Units are provided the flexibility to make activity-level decisions and change them as they see fit. The Operating Unit is accountable to USAID/W for the results that it has committed to in the strategy. The intention of "illustrative activities" discussion in the SP is to establish the feasibility of the Unit's plan in achieving the stated results within the time period defined by the SP (typically five to eight years).

3. The resources that will be required to achieve the Strategic Objective, including program funding, field support from the Global Bureau, operating expenses and personnel, and any other needed support. The Strategic Objective represents the primary point of reference in strategic planning and annual budgeting. Budgeting, allocation, and obligation will be accomplished by Strategic Objective at the Operating Unit level, with a few exceptions.

## G. The Operating Unit's Management Contract

Upon approval of the strategy, a <u>Management Contract</u> is issued, usually in the form of a cable, from the head of the regional bureau to the Mission Director or in the form of a memo to a Washington Office. The Management Contract contains a summary of agreements on the set of Strategic Objectives including:

▪ Confirmation of estimated resources over the strategy period;

▪ Delegation of authority to the Operating Unit to proceed with program implementation; and

▪ A discussion of any special management concerns requiring action.

The Management Contract (which is not actually a contract in the legal sense, but an agreement between USAID/W and the Operating Unit) allows the Operating Unit to begin its work of implementing the strategy. The Mission Director, with the delegations of authority provided in the Management Contract, will in turn empower SO Teams with the authorities to implement the program.

The Management Contract, as an agreement, should not be considered set in stone. Operating Units may request that the agreement be modified or changed, depending on how events unfold during program implementation (e.g. the Operating Unit may need to revise the original strategy or there are unexpected changes in resource levels).  Such requests are usually made through the annual Results Review and Resources Request (R4) process.

Once a SP is approved, it generally remains in effect for several years and serves as the guide for resource allocation decisions and performance monitoring over the time frame of the plan. However, there is some flexibility for change should the need arise.

Operating Units report on their SOs, IRs, and related activities on an annual basis, using the Results Review and Resource Request (R4) (See Unit 3, Lesson 2 for more detailed discussion on R4 process).

Upon approval of the strategy, next steps for the team include developing a performance monitoring plan and determining how the SO Team will manage and monitor the strategy.  At this point the SO Team may want to form sub-teams to attend to designing and documenting activities.  (For more on sub-teams and designing activities see Lessons 5 – Team Formation and Lesson 7 – Activity Planning).   Documentation of activities (sometimes referred to as Results Packages) will be discussion under Activity Planning as well as throughout Unit 2 on Achieving.

## Lesson 4: Performance Measurement Planning

### Learning Objectives:

In this lesson, the trainee will learn:

1. The importance and range of sources of performance information;
2. Characteristics, components and requirements in developing a Performance Monitoring Plan for Operating Unit strategies;
3. Important considerations in planning for performance measurement and data collection; and
4. Definitions of performance baselines and targets.

### Outline – Unit 1, Lesson 3

A. Introduction
B. Performance Monitoring Plan (PMP)
C. Other Performance Measurement Planning
D. Performance Baselines and Targets

*More detailed information on this topics is covered in Unit 3*

### A. Introduction

Operating Units must be able to regularly monitor, assess, and adjust their programs during the life of their Strategic Plan. This process is a dynamic one of gathering, analyzing and using performance information from a variety of sources and a range of different levels. Valuable performance information sources include:

- Performance indicators that measure progress of the SO and IRs;
- Evaluations of program impact, causal relationships embodied within the Results Framework and the underlying development hypothesis, or critical assumptions related to the Results Framework;
- Activity-level indicators (such as those for performance-based contracts), reports, and evaluations;
  - Customer and partner feedback;
  - Periodic site visits; or
  - Other formal and informal assessments and sources.

Operating Units, SO Teams and sub-teams need to consider how they will monitor and assess their performance. The first stage of this process is to design a Performance Monitoring Plan (PMP), which serves for:

- Tracking progress of the results in the RF, and
- Ensuring that knowledge gained during implementation is captured.

Knowledge collation and use are important aspects of implementation, and they must be planned for carefully, and as early as possible. There are several compelling reasons for this:

- Monitoring requires the definition and collection of baseline information, which necessarily needs to be initiated as soon as possible;

- More fundamental to Managing for Results, a monitoring system plays a key role in refining the underlying development hypothesis of the SO, and in developing over time an operationally useful Results Framework.

  Therefore an information system developed simply to provide reporting information should be avoided.

  As noted in Lesson 3, USAID's prior experience in development activities can provide important lessons-learned to inform the planning process. Prior performance information can guide choices made in strategy development process.

  Furthermore the definition of performance indicators for intended results is a powerful exercise for clarifying results statement. Therefore identifying indicators is not a step that can wait until after the approval of a SO. The definition of indicators, which can be understood, agreed upon among partners and effectively monitored, can play a key role in the definition and refinement of Intermediate Results (IRs) and the Results Framework. IRs that cannot be monitored may indicate results that are not achievable.

**B. Performance Monitoring Plan (PMP)**

  **1. Introduction**

  a) During the development of its strategic plan and Results Framework, an Operating Unit develops the underlying development hypothesis that explains why the SO is achievable if all results are achieved. The Operating Unit also identifies a few preliminary performance indicators, performance base lines and targets for each of its Strategic Objectives, strategic support objectives, special objectives, and Intermediate Results (IRs).

  b) While USAID's ability to monitor those results not directly under their control will be necessarily limited, it is still essential to consider how key results not funded by USAID will be monitored. The ability of non USAID-funded results to be achieved may significantly affect the overall performance of the SO and therefore need to be part of the overall monitoring plan.

  c) Agency guidance requires at least one performance indicator be developed for the SO and each IR.

  d) Operating Units are required to complete a set of indicators for their Results Framework by preparing a Performance Monitoring Plan (PMP).

  e) Although PMPs are required at the Operating Unit level, review by central or regional bureaus is not mandated. Some bureaus encourage sharing PMPs. PMPs should be an operational tool, not simply a static plan. (The PMP and its use are described in more detail in Unit 3). PMP document should be updated as needed to ensure plans, schedules, and assignments remain current.

f) The PMP is a tool Operating Units use to plan and manage the collection of performance data.  PMPs should include:
- A detailed definition and purpose of each performance indicator;
- The source, method, frequency, and schedule of data collection; and
- The office, team, or individual responsible for ensuring data is available on schedule.

As part of the PMP development process, it is also advisable (but not mandated) for Operating Units to plan for:

- How the performance data will be analyzed;
- How it will be reported, reviewed, and used to inform decisions; and
- How partner and customer inputs will be encouraged and used in preparing the PMP.

2. **Required Components of the PMP**

a. Performance indicators for each result
   Performance indicators provide information to assess the performance of an IR or SO. The meaning of the indicator as an adequate measure of the result will need to be explained and the unit of measure employed will need to be defined. When defining an indicator and unit of measurement:
   - State exactly what will be measured.  Be precise about all technical elements
   - Identify the exact measurement.  If it is a percent or rate, define the numerator and the denominator.

b. Data Source and Method of Data Collection
   Be as specific about the source (the entity from which the data are obtained) as possible. Be sure to cite from whom and through what mechanism (i.e., report, survey) data will be obtained.  Provide sufficient detail on the data collection or calculation method to enable it to be replicated.

c. Frequency and Schedule of Data Collection
   When planning the frequency and scheduling of data collection, an important factor to consider is management's needs for timely information for decision-making.

   Planning the frequency and schedule of data collection involves considering:
   - When the actual arrival of the data into the mission will take place.
   - Who will be responsible for ensuring that the data is available at the mission?
   - How often the data will come to the mission.
   - When the data are needed as input to management decisions.

    d.   Responsibilities for Acquiring Data

For each performance indicator, the responsibility of the Operating Unit for the timely acquisition of data from their source should be clearly assigned to a particular office, team, or individual.

Unit 3, Lesson 3 contains more detailed explanation on data sources and indicator and data quality.

## C. Other Performance Measurement Planning

Although not required for inclusion in a PMP, Operating Unit performance measurement planning should take into account these other aspects:

1.   Data Analysis Plans

To the extent possible, plan in advance how performance data for individual indicators or groups of related indicators will be analyzed. Identify data analysis techniques and data presentation formats to be used.

2.   Plans for Complementary Evaluations

Operating Units may find it useful to plan on a regular basis what evaluation efforts are needed to complement information from the performance monitoring system. However, not all evaluative needs can be pre-defined. Operating Unit's therefore should include enough flexibility to permit issues to be reviewed as they arise.

3.   Plans for monitoring underlying hypotheses and the context affecting an SO
It is often essential to track underlying assumptions, and some of the causal relationships affecting a SO. This information supplements performance indicators directly linked to specific results, but is often not included within a performance plan. From the perspective of results management, such information can often be critical to understanding what needs to be done to improve performance.

4.   Plans for Communicating and Using Performance Information

Planning how performance information will be reported, reviewed, and used is critical for effective managing for results. For example, plan, schedule, and assign responsibilities for internal and external reviews, briefings, and reports. Clarify what, how and when management decisions will consider performance information.

Specifically, plan for the following:
- Operating Unit performance reviews.
- USAID/W reviews and the R4 Report.
- Partner reviews, reports, and briefings.
- Decision-making events requiring performance information. The ultimate aim of performance monitoring systems is to promote performance-based decision-making. To

the extent possible, plan in advance what management decision-making processes should be influenced by performance information.

- For example, budget discussions, programming decisions, evaluation designs/scopes of work, office retreats, management contracts, and personnel appraisals often benefit from the consideration of performance information.

5. Budgeting for Performance Monitoring

Estimate roughly the costs to the Operating Unit of collecting, analyzing, and reporting performance data for a specific indicator (or set of related indicators). Identify the source of funds.

If adequate data are already available from secondary sources, costs may be minimal. If primary data must be collected at the Operating Unit's expense, costs can vary depending on scope, method, and frequency of data collection.

Sample surveys may cost considerably more than $100,000, whereas rapid appraisal methods can be conducted for much less. ADS guidance gives a range of 3 to 10 percent of the total budget for a SO as a reasonable level to spend on performance monitoring and evaluation.

Often strategies will include results that improve the level of USAID program knowledge or the ability of the host country to monitor and use information in their program management. These programs can also do both; support the funding of performance information gathering for the Operating Unit, and ensure that the use of knowledge becomes more sustainable and integrated into a host country's results management infrastructure.

## D. Performance Baselines and Targets

Performance Baselines:

The performance baseline is the value of the performance indicator at the beginning of the planning period -- ideally, just prior to the implementation of USAID program activities. The baseline may be a single value, or can be data reaching back several years so as to establish a trend line. Operating Units may be able to rely on secondary data sources for the baselines, if available, or may have to conduct primary data collection efforts to establish the values.

Performance Targets:

Operating Units should establish a performance target for each performance indicator its selects for its SO and IRs. The targets are one way to gage expected progress and impact relative to the baselines. Whereas the indicator defines how performance will be measured along a scale or dimension, the target identifies the specific, planned level of result to be achieved within an explicit timeframe. For example, for the indicator "value of credit provided

to small enterprises by private financial institutions," the target might be "$500 million provided by 2002."

The definition of targets in fact can be essential in defining a realistic SO and Results Framework.  Thinking through achievable targets requires consideration of HOW results are to be achieved, not just how they are to be monitored, and as such is also a key part of activity planning, as discussed in Unit 1, Lesson 7.

Other information on implementing and monitoring using the PMP will be covered in the Portfolio Monitoring Lesson in the Achieving Unit and in the Monitoring and Evaluation unit in these training materials.

## Lesson 5: Strategic Objective Team Formation

### Learning Objectives:

In this lesson, the trainee will learn:

1.  The purpose of the SO Team in USAID's work;
2.  The differences between SO Teams and other types of work groups and organizational structures;
3.  The functions, team membership and member roles on the team;
4.  How the SO Team might form sub-teams to conduct its work;
5.  The importance of delegation of authority and effective decision making methods in teamwork; and
6.  Documentation relative to team formation.

### Outline – Unit 1, Lesson 5

A.  Introduction
B.  SO Team Structure
    1.  SO Team Functions
    2.  Team Membership
    3.  Team Member Roles
    4.  Use of sub-teams to organize and distribute workload
C.  Delegation of Authority
D.  Decision-Making
E.  Team Formation Documents
    1.  Mission Order on Delegation of Authority
    2.  Team Charter
    3.  Management Agreement

### A. Introduction

This lesson provides information necessary to form SO Teams.  Management of SO Teams is covered in Unit 2, Lesson 2.   Operating Units are required to form a SO Team for each strategic, special or strategic support objective (the term SO Team as used here refers to all three types of objectives).  These Teams consist of USAID staff, as well as customers, stakeholders and partners.  They are created to plan, achieve, and assess the strategy for the objective they are responsible for.  SO Teams are dynamic and the membership will typically evolve over time as the work evolves from planning to achieving results to activity closeout.

> Definition of SO Team: A SO Team is a group of people with complementary skills who are empowered to achieve a specific USAID development objective for which they are willing to be held accountable.  The primary responsibility of SO Teams is to make decisions and carry out activities related to accomplishing the objective.  Another essential function is to ensure open communication and collaboration across organizational boundaries at all phases of the development process.

The following are some general considerations related to SO Team formation:

1. **Team size:** Generally, an ideal team size is 5-8 members. If it is smaller than that, the Operating Unit may have difficulty staffing the team with the appropriate mix of skills to implement the Strategic Objective. A larger team will be less manageable and may lack the agility, responsiveness, and decision-making ability of a smaller team. In such cases, it is useful to divide into sub-teams.

2. **Other teams:** In addition to SO Teams, an Operating Unit may form other teams for various purposes and tasks. The Operating Unit has wide discretion in determining the composition, functions, and life span of these teams.

3. **Other Types of Work Groups:** In addition to teams, Operating Units may form consultative groups, steering committees, task forces and other work groups that normally do not function as teams. Teams are decision-making bodies whose members are jointly responsible for achieving a common objective.

3. **Offices versus SO Teams:** Before SO Teams, Operating Units managed development activities (projects) through a traditional office structure (e.g. an Agriculture Development or Health Office). The gradual conversion to SO Teams did not preclude the continued maintenance of these technical offices. While SO Teams are required, Agency guidance provides Operating Units with the flexibility to determine when to modify their organizational structure. Some Operating Units may still use a combination of traditional technical offices and teams while others have ceased using technical offices altogether. The main advantage of SO Teams is their ability to bridge organizational boundaries. The objective to be achieved provides the main focus of the SO Team organization rather than supervisor-supervisee relationships. SO Teams, as stated earlier, should have as membership those people who bring the expertise, knowledge and authorities necessary to achieve the SO. Therefore, SO Teams will normally include a variety of technical and non-technical people, from units both within and outside of USAID Teams may include part time and full time members. Full time USAID employees may be members of several SO Teams, other types of work groups, and a traditional office.

4. **Supervisory Responsibilities and Teams:** All USAID employees must have a formal supervisor. This supervisor performs such functions as planning and organizing work, conducting the annual performance appraisal, approving leave, selecting or participating in the selection of subordinate employees, hearing and resolving complaints and grievances, and effecting disciplinary measures. Supervisors also serve as coaches who empower staff to accomplish work. A SO Team Leader may or may not serve as the formal supervisor of SO Team members. When SO Team members report to a formal supervisor who is outside the team, it is expected that this supervisor will obtain and use substantive feedback on the team member's performance from the Team Leader and other team members for the purpose of completing the employee's annual performance evaluation. As with traditional supervisors, SO Team Leaders are expected to play a significant role in recruiting and coaching all members of a team.

**B.  SO Team Structure**

The structure of a SO Team is determined by the functions it must carry out with respect to a specific set of results and activities.  The following summarizes these functions and discusses how the three main elements of structure – membership, roles and sub-teams – are determined.

**1.  SO Team Functions**

a)  General functions:

The overall task of the SO Team is strategic management this includes several functions that can be summarized as follows:
- identifying customer needs
- articulating and leading the development strategy;
- planning and obtaining necessary approvals for activities needed to achieve the strategy;
- managing these activities (see lesson 7, section D, step 8 for more details on activity management functions of SO Teams and discussion of SO Team and CTO role in Unit 2 lessons 5 and 7);
- meeting regulatory requirements that apply to the resources used;
- ensuring that conflict of interest is avoided and procurement integrity is maintained;
- coordinating and collaborating with partner and host government organizations;
- assessing and reporting on results;
- modifying the strategy, and tactics (activities) as necessary; and
- closing out activities

b)  Inherently governmental functions and the core members:

In carrying out the general functions described above, some decisions and actions will be needed that are considered "<u>inherently governmental</u>".   Inherently governmental functions include such things as representing the Agency in negotiations with other organizations; formulating policy; negotiating acquisition and assistance instruments; or carrying out other Agency responsibilities in conformity with specific delegations of authority to individual or classes of team members.  Two special areas of concern with respect to these functions are avoiding conflicts of interest, and ensuring the integrity and fairness of procurement processes (discussed further in a separate lesson).  Only USAID employees can only carry out inherently governmental function.

**2.  Team Membership**

The SO Team is composed of staff from USAID, customer, stakeholder, and partner organizations.  Members are chosen based on the knowledge, skill, expertise and authorities -- i.e. the "value added" -- that they bring to the SO Team.  The right skill mix is key to the success of the SO, and includes technical as well as administrative domains.  The basic principle for selecting members is to customize membership around the particular needs of the strategy and activities in order to effectively carry out the functions of the team.  In

the administrative areas, expertise in budgeting, activity planning, procurement, financial management, accounting, and legal issues is typically needed. In technical areas, the expertise required will depend on the sector of work involved (e.g. health) and the kind of work to be carried out (e.g. civil engineer if construction of clinics or water systems is involved).

Each SO Team must have a "core" group of USAID staff for the purpose of carrying out inherently governmental functions. Core members will be selected from USAID staff available to the Operating Unit who have the expertise and authorities necessary to carryout inherently governmental functions.

SO Teams may have "virtual members." These are members who are not physically present but play a vital role in the achievement of the SO. They collaborate in decision making via electronic technology with other SO Team members. Examples of virtual members may include the Regional Contracting Officer and Regional Legal Advisor, USAID/W or regional technical staff, or an international technical expert.

While team members may not devote 100% of their time to a SO Team, all members have a vital role in, and share responsibility for, achieving the results of that SO.

3. **Core Team Member Roles**

Many different roles can be described for members of SO Teams. These will vary extensively according to the nature of the programs being achieved. For USAID employees who function as core members there are four particularly common roles that tend to occur on most SO Teams. They are described briefly here.

a) SO Team Leader – Agency guidance on allows creation of formal teams (and sub-teams) that do not have a designated leader (ADS102). In these cases, it is anticipated that the team as a whole reports to a manager in the hierarchy who is not on the team. In the case of SO Teams however, it is usually practical to have a designated Team Leader. This is both for delegations of authority and team management reasons. Some authorities, such as approving specific activities are delegated to individuals only and would logically be delegated to a Team Leader (see discussion below). The head of an Operating Unit who delegates such authorities often prefer delegating approval authorities to an individual on the team who can be held personally accountable (in part through the employee evaluation process). Team management reasons include the need to recruit and coach team members, manage boundaries between the team and other organizational units, and make decisions when a team consensus approach is not practical (see decision making discussion below). Someone who is seen as leader of the SO Team can often best do these tasks. As pointed out latter in the Lesson on Team Management (Unit 2, Lesson 2), it is critical that Team Leaders clearly understand the differences between managing a team and managing a traditional office.

b) Technical Expert – The SO Team will need individuals with technical expertise in the type of programs to be carried out. To make some inherently governmental decisions, it

may be necessary to have adequate technical expertise among core members of the SO Teams – i.e. among USAID employees. This expertise is usually supplemented or rounded out by additional expertise provided by external team members who are not USAID employees.

c) CTO – The Cognizant Technical Officer role is described in detail in Unit 2, Lessons 5 and 7. The CTO plays a key role in managing acquisition and assistance instruments. The SO Team nominates an individual to be the CTO for a specific contract or grant/cooperative agreement. The Contracting/Agreement Officer is responsible for designating an individual as a CTO.

d) Internal regulations experts – SO Teams will need expert advise from USAID staff members who have expertise in USAID's processes and regulations. These skills are often limited to specific individuals in or supporting an Operating Unit such as Program Officers (budget and policies), project development officers (activity planning), contract officers (procurement), legal advisor (legal issues), controllers (financial management issues).

**4. Use of sub-teams to organize and distribute workload**

The final element of team structure relates to how workload is distributed among team members. Organizing to do the work involves applying principles of good management and common sense, balancing team size, member skills and authorities, and the various tasks associated with activity design and management. In organizing workload, teams should avoid creating unmanageable or inefficient arrangements such as:
- Expecting a large SO Team to manage, through group consensus, a broad set of complicated activities;
- Diluting teamwork by delegating all activity management to individuals (the old Project Manager model).
- Unnecessarily excluding external partners in program assessment and decision making, and thus losing valuable ideas, experience and knowledge that increases the quality of decisions.

Over the life of a Strategic Objective, the type of work and skills needed will evolve. At certain phases, such as when a team shifts from planning a strategy to achieving, SO Teams need to revisit team member roles and responsibilities to include activity management as well as assessing and learning. All members must be aware of organizational conflict of interest and ethics guidance and the need for some information and decision making to be limited to core members (see separate lesson on this topic).

There are several ways for SO Teams to divide workload into manageable pieces. The following illustrates the more common approaches used:

a) **The One Team approach:** The SO Team manages activities as a single team. Differentiation of member roles takes place such as assignment of CTO responsibilities and identification of core members, but no sub-teams are formed. Decisions are made

at the SO Team level, except for those few decisions which must be limited to core members or those decisions which the team has delegated to individual members. This approach can work quite well when both team size and the number of activities are limited. It can also be useful for limited periods when a larger team is relatively new or its members have changed, and the team needs a higher level of communication to adjust to the change.

b) **SO Team with activity sub-teams:** SO Team members divide themselves into formal sub-teams who are responsible for different sets of activities. All sub-team members are members of the larger SO Team, but some decisions and responsibilities are delegated to the sub-teams while others are handled at the SO Team level. Core members can be identified at both levels for carrying out tasks and decisions limited to them. In this case, each SO Team member effectively serves in two capacities: as an SO Team member, who weighs in on strategic management issues, and a sub-team member who is responsible for activity-level decision making and management. This option can work well in more complex programs where:
- There are many operational details which can be resolved at a lower level, or
- Where there are few opportunities for trade-offs in allocation of resources among activities (due, for example, to earmarks or other factors which limit the range of decisions that can be made across activities).

c) **SO Team with functional sub-teams:** The SO Team delegates to sub-teams specific management functions across several activities. For example, developing a performance monitoring system that collects information for all activities, or managing training for several activities. This approach is particularly useful when functions involve use of specialized skills or a single point of contact with external counterparts involved with that function (e.g., a training institution). As always, some tasks would be limited to core members.

d) **SO Team plus sub-teams comprised of additional members:** The SO Team creates sub-teams and recruits additional members who belong to the sub-teams only and are not part of the higher-level SO Team. This option is useful in the case of a very large and complex set of activities, which require full time attention of certain members over a protracted period. This option also works well for smaller SO Teams, allowing them to draw on additional human resources to form sub-teams. Sub-teams serve to expand participation in strategy implementation without increasing the size of the SO Team. Significant decision making authority can be delegated to sub-teams. Clarity of roles and responsibilities is particularly important to ensure that sub-teams are aware of what decisions need to be made at the SO Team level. Use of a management agreement between the SO Team and sub-teams can be useful in this regard.

Flexibility in choosing organizational approaches and adjusting them over time allows USAID to manage program workload more efficiently. The number of possible team members and the particular skills and expertise they bring with them will influence the choice of structure. In selecting the particular approach that makes sense for a given SO, managers should seek the one that best supports achievement of development results and regulatory

requirements, with the most effective use of limited staff resources.

## C. Delegation of Authority

A delegation of authority occurs when an official, vested with certain authorities, extends that authority to a team or an individual within a chain of command. The official retains the oversight responsibility over that team or staff person. The empowered team or staff person, in accepting the authority, agrees to exercise the delegation in a responsible manner (i.e., they are willing to be held accountable). Some authorities are general; others are highly specific.

General authorities can include overall responsibilities for developing and implementing a program. The Mission Director or Operating Unit Head typically delegates general responsibilities for managing a program to a SO Team. These general delegations are often informal and may be stated in the Team Charter or a Team Management Agreement with the Mission Director. Certain elements of USAID's business are highly regulated, such as finance and procurement. In these cases, certain individuals are formally delegated specific authorities because they have met pre-determined requirements.

Specific Delegations of Authority exist throughout an organization and are formally delegated to individuals. USAID has formal Delegations of Authority that actually start with the President of the United States. The President delegates authority for the foreign assistance program to USAID's Administrator through the Secretary of State. The Administrator then delegates some of these authorities to the Assistant Administrators of each bureau, who in turn delegate some of their authorities to Mission Directors and heads of Washington Operating Units. These delegations are specified in ADS 103. In addition, the management contract, issued upon approval of the Operating Unit's Strategic Plan, will contain authorities for implementing the Operating Unit's program (see Lesson 3).

Certain authorities, such as many of those related to procurement or financial management, reside only with those staff who have been trained and certified to do the job. For example, Contracting Officers have contracting warrants that are not re-delegated. In addition, some mission staff, such as the Legal Advisor or Program Officer, may have authorities to clear or approve certain actions based on a mission's internal delegations of authority document (typically contained in a Mission Order).

Management decisions at the Operating Unit concerning the mix of authorities that are delegated to Teams and individuals will take into account the experience and expertise represented on the Team and Agency regulations about Delegation of Authority. Management should ensure all individuals who are delegated authority have the proper training and skills to accomplish delegated responsibilities. Management does not delegate authority to individuals who have insufficient skills or knowledge to fulfill their duties.

While an SO Team may have general authorities to carry out a program, SO Teams only have specific implementation authorities to the extent that these have been formally delegated to the SO Team Leader and that some team members bring with them specific authorities that are not re-delegable.

Procurement, legal, and financial staff serving on the Team will have certain functional responsibilities they must exercise.  They may or may not have the full authorities for executing that function.   For example, a SO Team member from the procurement office may or may not come with a contracting warrant. Therefore, consultation with and approval from their functional office may be required to complete certain actions.

Other staff may also have individual responsibilities.  The Contracting Officer will delegate authorities to the Cognizant Technical Officer (CTO), who has been identified by the SO Team for that role (See Unit 2 for more details).

It is critical that all staff are aware of the specific authorities they have or don't have, and avoid creating audit risk by attempting to exercise authorities which they don't possess.  Operating Units normally have a Mission Order which specifies what specific authorities are vested in which individuals which covers common approvals on various internal documentation and actions (see section E below).  A legal advisor can clarify the situation in any given case. When in doubt, check!

## D.  Decision-making

Decision-making is a process by which team members commit to a course of action through a process of deliberation.   Clear and explicit methods of reaching decisions build confidence, and promote collaboration, and support team leaders in sharing responsibility without feeling a loss of control.  Although they take more time, group decisions tend to incorporate the maximum amount of data and experience plus a diversity of opinion.  This can improve the quality of the decision and ensure greater follow-through.  Team members who participate in decisions are more likely to implement them.

It is important to recognize different decision-making approaches available to a team and how each is appropriate in the right circumstance.  A common error is to assume that group consensus is the only form of team decision making.  The method appropriate in a particular case depends on the decision to be made and the team involved.

In general, decisions should be made by team consensus when the outcome:
a)  Affects everyone on the team;
b)  Has long-term implications;
c)  Is critical for the team's customers (who may or may not be represented directly on the team), or
d)  Is a sensitive issue and therefore team members need to know and understand how a decision was reached.

There are many occasions however when these criteria don't hold or when there is no time to go through a decision process involving the whole team.  In such cases other methods involving fewer team members are needed.  The following summarizes four methods of team decision making with various levels of participation of team members.  Each method has advantages and disadvantages.  Using the method most appropriate to a given decision situation will help achieve

efficiency in decision-making processes. Discussing these approaches in advance in relation to anticipated future decisions can be very helpful in building trust and improving communication among members.

| I.    DECIDE | |
| --- | --- |
| **Definition:** Team Leader makes decision and communicates it to the team. | |
| POSSIBLE ADVANTAGES | POSSIBLE DISADVANTAGES |
| <ul><li>Decision can be made quickly.</li><li>Team Leader is in immediate control of the decision.</li><li>Implementation can begin immediately.</li></ul> | <ul><li>It may not be the most well informed decision.</li><li>Those assigned to carry out the decision may balk at implementation.</li><li>Those affected by the decision may harbor resentment about not having been asked their opinion.</li></ul> |
| **Rationale for using this option:**<br><ul><li>Little time to make the decision without adverse impact.</li><li>Team members are likely to support and implement the decision.</li></ul> | |

| II.    GATHER INPUT FROM INDIVIDUALS AND THEN DECIDE | |
| --- | --- |
| **Definition:** Team leader gathers input from some team members, then makes the decision | |
| POSSIBLE ADVANTAGES | POSSIBLE DISADVANTAGES |
| <ul><li>More information with which to make a decision.</li><li>Increased likelihood that decision will be carried out.</li><li>Doesn't require a meeting of all the team members.</li></ul> | <ul><li>Some team members may feel arbitrarily excluded.</li><li>Some team members may undermine the decision or be less likely to provide input the next time.</li></ul> |
| **Rationale for using this option:**<br><ul><li>Need expert opinion of a few people to make informed decisions.</li><li>Team interests are represented by selected individuals.</li></ul> | |

| **III. GATHER INPUT FROM TEAM AND DECIDE** | |
|---|---|
| **Definition:** Team leader calls a team meeting to collect input, then he or she uses the input to make the decision. | |
| **POSSIBLE ADVANTAGES** | **POSSIBLE DISADVANTAGES** |
| <ul><li>More creative thinking because of group synergy.</li><li>Increased likelihood of well-informed decision.</li><li>People feel included and may be more committed to implementation.</li></ul> | <ul><li>Takes more time.</li><li>May surface issues or conflicts inappropriate for that meeting.</li><li>If resulting decision is in conflict with input, people may sabotage implementation.</li></ul> |
| **Rationale for using this option:**<br><ul><li>Very important decision to many people.</li><li>Synergy may provide good options.<br>Opportunity to build common understanding of situation and key groundwork for implementation.</li></ul> | |

| **IV. HAVE TEAM DECIDE BY AGREEMENT – CONSENSUS** | |
|---|---|
| **Definition:** Team leader and team reach a decision that everyone understands, can support, and is willing to implement. | |
| **POSSIBLE ADVANTAGES** | **POSSIBLE DISADVANTAGES** |
| <ul><li>Educates the team through active participation.</li><li>High level of support for decision.</li><li>Quicker implementation because more people already up and running on the issues at hand.</li></ul> | <ul><li>May take more time.</li><li>Team members may not have the collaborative skills needed to reach agreement.</li><li>People may interpret team leader's choice of consensus approach as weakness.</li></ul> |
| **Rationale for using this option:**<br><ul><li>Change caused by decision requires complete understanding and buy-in.</li><li>Need expertise of entire team to design effective change.</li><li>Team is experienced in consensus process.</li></ul><br>If this agreement cannot be reached within the time allowed, a fallback decision-making option is used. (The fallback option must be clear on the outset). | |

Adapted from P. Keith Kelly, Team Decision-Making Techniques.

### E. Team Formation Documents

The following documents are useful to support the formation and functioning of SO Teams (see Annex for examples).

1. **Mission Order on Delegation of Authority**

   A clear Delegation of Authority Mission Order is very important to support SO Teams charged with implementing a program. It shows specific delegations to individuals for the range of implementation approvals and clearances. The Mission Order is the instrument an Operating Unit head, such as a Mission Director, uses to formally delegate the authorities he or she receives from the Assistant Administrator to members of the unit. In addition, the Mission Order summarizes additional authorities held by certain staff through a certification process (Controller or Contracts Officer). A Mission Order summarizes how the delegations provided to an Operating Unit are distributed among the staff and will specify what approvals can be made by SO Team Leaders and other members.

2. **Team Charter**

   A Team Charter is prepared by a team and describes the team's purpose, authorities, membership, roles and structure. Team charters serve to record agreement on and communicate:
   - goals
   - boundaries,
   - norm and expectations,
   - roles of team members,
   - relationship of sub-teams to SO Team

   While the team charter is a document, team members often find that the process of creating and agreeing on a charter with fellow team members is very useful in clarifying how the team will function. By collectively working through each component of the charter, team members contribute to the development of the team. The process helps team members coalesce and reduces the possibility of future misunderstandings and conflicts. Teams will want to revisit their charters from time to time as membership changes and as the team evolves.

3. **SO Team Management Contract**

   Just as Operating Units have Management Contracts with their Bureau, SO Teams can create a similar "SO Team Management Contract" with the head of the Operating Unit. These agreements typically specify the results to be achieved by the SO Team and the resources, staff, and authorities that will be provided to the team.

## Lesson 6: Working with Partners

### Learning Objectives:

In this lesson, the trainee will learn:

1. The underlying importance and challenges in effective partnering to conduct USAID's work;
2. Basic rules and regulation governing partnering;
3. How SO Teams can protect its members from organizational conflict of interest; and
4. The basic standards of procurement integrity and ethics.

### Outline– Unit 1, Lesson 6

A. Introduction
B. Rules and Regulations Governing Partnering
C. Organizational Conflict of Interest
    1. General Rules
    2. Standards
    3. Mitigation
D. Procurement Integrity
    1. Standards of Conduct
    2. Procurement Integrity

### A. Introduction

A significant focus of on-going USAID reform efforts is encouraging more collaborative working relationships with partner organizations. This is important because USAID's impact is largely dependent on the success of its development partners. Improving existing partner relationships and encouraging new ones is therefore critical to managing for results. Issues such as communication, transparency, sharing in decision making as appropriate, engendering more trust and confidence between partners, are all part of the challenge.

What makes this task complex are the literal and figurative "firewalls" that exist between USAID and its partners. The literal ones will be described in greater detail below in the section on "Rules and Regulations Governing Partnering". There are indeed situations where the nature and magnitude of communication, transparency, and participation in decision-making by partners is prohibited. These restrictions exist in part out of a concern that potential partner organizations have an equal chance at becoming funded partners. On the other hand, the figurative might be best described as "cultural firewalls". Evidence of this kind of impediment is exemplified by SO Teams composed only of USAID employees, which use partners as an occasional reference group rather than as members of the SO Team who are actively and regularly involved in team processes and work.

USAID has been making greater strides toward increasing the level of real participation of partners in the full array of its activities and decisions through a variety of means by:

- Providing an enabling environment for the free exchange and gestation of ideas;
- Being more responsive to partner desires for trust and confidence; and
- Providing partners with greater access to some of the wide array of management tools that the SO Team uses in its planning, achieving, and assessing and learning efforts.

Some of the key concepts that should guide efforts to improve partnering include:

- Communication;
- Cooperation;
- Coordination; and
- Collaboration.

Communication involves giving and receiving information about goods and services, products and processes that individuals and groups are developing and using. Communication of this kind can reduce duplication of effort, for example, in the provision of certain services. It can also enhance the impact of existing programs and services because of greater awareness that communication allows. Two of the key questions USAID and its partners must work to answer together are:

- <u>What</u> is going on?
- <u>Why</u> is it going on?

Understanding the <u>what</u> and <u>why</u> of everyone's actions will lead to greater efficiency and effectiveness in planning, achieving, assessing and learning.

Cooperation is a form of social interaction. Fundamentally, it is a form of interaction between two or more communicators (e.g., USAID and its partners) who reach some degree of understanding about how they are going to work and communicate with each other. Cooperative actions include meetings and sharing of information (perhaps by phone or email) on a more ad hoc basis than other forms of interaction.

Coordination is a more complex form of social interaction. It fundamentally requires that two or more communicators determine to combine some amount of their respective resources to better meet mutually held needs. Coordination may be as simple as sharing a fax machine or as complex as sharing in data collection efforts.

Collaboration is the highest form of interaction. It involves a process of jointly defining objectives and combining respective resources. Through the synergy of collaborative efforts, USAID and its partners are more likely to achieve mutually defined objectives. At times this can result in more profound creative work which provides a new basis for longer term sustainable development to take place.

It is important to note that these forms of social interaction often happen at the same time and with little thought. As people communicate, they often do so in a cooperative way. Communication is fundamental to each of these forms of social interaction. So, too is some degree of formal or informal planning about the kind of social interaction that USAID and its partners will want to undertake. Cooperation is more informal, while coordination requires more formal agreement and planning for when and how coordination will occur. Collaboration requires the greatest degree of formal planning since there is a need for a forum to define objectives, determine what kinds of resources will be shared, and determine a plan of action for achieving the defined objectives.

**B. Rules and Regulations Governing Partnering**

Each SO Team is intended to have members who work for organizations external to USAID. In fact, USAID policy requires and encourages frequent and substantive interaction between USAID staff and our partners and customers, including host country citizens, foreign government representatives, higher education institutions, and other donor organizations.

Participation and consultation are essential features of the Agency's Strategic Planning and implementation process as elaborated in the ADS 200 series. In the achieving context, and within the limits described here, members of the SO Team are expected to discuss whatever is needed to achieve the objective. This may include ideas about new activities and progress on existing activities as well as review of overall progress in meeting the objective.

However, SO Team members need to be aware of a number of limitations with regard to Acquisition and Assistance instruments. These limitations are intended to promote fairness and integrity in the processes followed by USAID to plan, award and administer transfers of funds to other entities. The regulations discussed below lay out ground rules and guidelines regarding when and how USAID personnel and other partner members may interact in order to preserve the option for these external organizations to participate in a given activity at a future date. Furthermore, these regulations provide guidance to Agency employees with regards to certain procurement-related restrictions on their own conduct with partners. These limitations and regulations are discussed in detail in guidance *(See the Partnering General Notice Issued by GC)* prepared by the General Counsel (GC) and PPC and are briefly described in the next two sections.

**C. Organizational Conflict of Interest (OCI)**

**1. General Rules**

An Organizational Conflict of Interest (OCI) can occur when an organization that has designed an activity which will be implemented by contract, or contributed to the development of the scope of work (SOW) for a contract, also seeks to implement the contract in question. If an OCI is determined to exist with respect to a particular contract solicitation, the organization that has the OCI is precluded from receiving the contract award. OCI concerns do not arise in connection with the design or development of assistance instruments. OCI issues also generally are not presented when an organization makes general contributions to concepts, ideas or strategies (i.e. the stage prior to identifying possible implementation instruments)."

OCI is unlikely to be a concern if involvement of outside organizations on the SO Team is stopped before the point of identifying possible implementation instruments or if only assistance (not contract) instruments are involved. If SO Team members who are not USAID employees do participate after identifying a possible contract procurement, it is necessary to consider a number of OCI standards as identified below and described in FAR Part 9.505. The Contracting Officer should examine the particular facts of each individual

situation to decide if a potential conflict of interest exists and whether the conflict can be mitigated or avoided.

## 2. Standards

**"Directly, Predictably and without delay":**
An organization that designs an activity or develops material that leads directly, predictably and without delay to a Statement of Work (SOW) for a contract generally may not compete to implement the contract in question, either as a prime or a subcontractor.

**Bias:**
Bias focuses on information that an outside organization provides to USAID (e.g., design work) and USAID's ability to evaluate the merits of that information to ensure that the outside organization has not created a design toward its own strengths.

**Unfair Competitive Advantage:**
Unfair competitive advantage occurs when an organization gains insight into USAID's plans for an upcoming procurement or learns of its competitor strategies. This information may be "competitively useful" in the upcoming procurement, thus giving that organization an unfair advantage in the competition for the given award.

## 3. Mitigation

Mitigating unfair competitive advantage involves:
- Identifying competitively useful information held by one potential offerer and
- Sharing that information with all other potential offers.

This "levels the playing field" and enables the organization in question to compete on a fair basis.

Bias is avoided if an outside organization's involvement in the design is limited and USAID staff actively participate to reach an informed decision regarding the best design for the Agency's interest.

## D. Procurement Integrity and Ethics

In the SO Team context, the procurement integrity and ethics rules are identical to those applicable in other USG work contexts. In general, ethics rules apply equally to assistance and acquisition matters, while procurement integrity rules are applicable only to contracts. The rules apply to personal services contractors (PSCs) in addition to direct-hire Agency employees.

## 1. Standards of Conduct (http://www.usoge.gov/):
By criminal statute, a Federal employee generally cannot participate "personally and "substantially" on matter that has a "direct" and "predictable" effect on the employee's

financial interests.    Additionally, the Standards of Conduct also prohibit certain post-employment activities for a time frame after leaving the federal government.

The Standards of Conduct also cover a variety of other situations involving the interaction between USAID employees and outside parties, as well as situations involving the interaction among USAID employees.  Annual ethics briefings are required of all employees.  In addition, an ethics homepage is under development and will be added to the USAID website.

2. **Procurement Integrity (http://www.arnet.gov/far/loadmain.html):**
   Procurement Integrity rules
   - Limit disclosure or release by USAID employees and others of "contractor bid or proposal" and other "source selection" information (as defined in FAR 3.104-3) to persons with a need to know this information for purposes of carrying out the procurement.
   - Require USAID employees involved in a given procurement to report to their supervisor any contact with a bidder or offerer during the course of the procurement about business or employment opportunities; and
   - Also contain certain post-employment restrictions applicable to USAID employees for specified time frames.

## Lesson 7: Activity Planning

**Learning Objectives:**
In this lesson, the trainee will learn:
1. The definition of "activity" and its relationship to inputs, outputs and results;
2. The principles of activity planning;
3. Ten illustrative steps that Operating Units will employ to move from their strategy to activity planning. These steps start with identification of outputs leading to selection of implementing instruments, preparation of pre-obligation requirements and documentation for activity approval;
4. Additional consideration for SO Team organization based on activities to be approved and managed; and
5. The minimal documentation requirements accompanying activity planning and approval (results package).

**Outline – Unit 1, Lesson 7**
A. Introduction
B. Definition of Terms
   1. Basic Definitions
   2. Outputs versus Results
   3. Understanding Results Packages
C. Principles of Activity Planning
D. Ten Steps in Activity Design
E. Next Steps: Achieving, Assessing and Learning

## A. Introduction

Conceptualization of development activities begins during the strategic planning process. A preliminary description of how the SO Team will achieve the strategy is described in the "illustrative activities" discussion of the Strategic Plan. Once the Strategic Plan is approved, more detailed activity planning is needed before achieving can begin. Often times these two processes – strategic planning and activity planning take place concurrently, particularly when a new strategy is developed that builds upon activities from a previous strategy.

As USAID-funded activities involve transfer of resources to other governments and organizations, the process of developing and approving activities is regulated and at times complex. This lesson provides an overview of the steps needed to plan, organize, document and approve those activities that are designed, approved and managed by USAID. More detailed guidance on this subject is provided in ADS200. This lesson does not cover what is known as "program assistance" where resources are provided to host governments through cash transfers or commodity import programs that finance costs of activities that are not directly designed and managed by USAID. Program assistance is beyond the scope of this course. However, you will find some brief explanation of these mechanisms in the Implementing Instruments lesson (Unit 2, Lesson 3, item B.2.c).

## B. Definition of Terms

### 1. Basic Definitions

The following definitions are essential in thinking about activity planning:

Definition:  Input – A resource that is used to create an output.  For example: funding, technical assistance, commodities, and training.

Definition:  Output – A tangible immediate and intended product or consequence of an activity.  Examples of outputs include a strengthened institution, trained personnel, better technologies and a newly-constructed building.  A combination of outputs will normally be required to achieve an intermediate result.

Definition:  Activity – An activity is the set of actions through which inputs are mobilized to produce specific outputs.  Examples of activities might include the work of a USAID staff member directly negotiating policy change with a host country government, or providing technical assistance to strengthen the skills of rural medical staff.  Activities essential to achieving Intermediate Results in the Results Framework may or may not be funded by USAID.

Definition:  Result – A developmentally significant change in the condition of a customer or in a host country condition which has a relationship to the customer.  What constitutes "significant" depends on the particular developing country context.  Strategic Objectives are the highest level result for which an Operating Unit is held accountable.   An Intermediate Result is a key result which must occur in order to achieve a Strategic Objective or another intermediate result.

Definition:  Results Package – The combination of people, funding, authorities, activities and associated documentation needed to achieve a specified result(s) within an established time frame.

### 2. Outputs versus Results

Understanding the difference between outputs and results is important.  The creation of outputs is generally under the direct control of an implementing entity (grantee or contractor institution) using resources provided.  For example, deliverables under a contract are outputs.  In differentiating outputs from results, it can be useful to think of the latter as developmentally significant events which impact on customers, while outputs are lower level steps that are not developmentally significant in themselves, but are essential in achieving results.  Outputs may impact on ultimate customers, but in a much more limited way than Intermediate Results.  The link between outputs and Intermediate Results should always be direct.  However, it may take many outputs from several activities over time to create measurable impact at an intermediate result or Strategic Objective level.

Example 1

| INPUTS → | OUTPUTS → | IR |
|---|---|---|
| Funding and technical assistance to disseminate information on proven agricultural techniques | Increased knowledge of agricultural techniques among farmer audiences | Sustainable agricultural practices adopted |
| Training of local blacksmiths on fabricating improved planting tools | Improved and affordable planting tools available on the market | |

Example 2

| INPUTS → | OUTPUTS → | IR |
|---|---|---|
| Funding to local environmental groups and the national geological survey department to conduct environmental monitoring | Reliable and relevant information collected and disseminated to national and regional planning bodies | Land use decisions based on sound environmental data |

3. **Understanding Results Packages:**

A results package is not a document, nor is it an activity or a team. Rather it is a short hand designation for all of the items required to achieve a particular result or a set of results including the activities and the documentation necessary to initiate them. An SO Team that has completed a strategic plan, designed activities, documented their approval and obtained funding to start them, has, by definition, a results package. If different activities are undertaken to achieve different Intermediate Results, the SO Team may have more than one results package. While a SO Team must have all of the component parts of a result package to achieve results, there is no requirement to specify or define results packages per se.

Some Operating Units have found the results package concept useful to designate approval documentation for several activities (a "results package" document) and to distinguish certain SO sub-teams (a "results package" team). This provides these units with a framework for organizing and delegating some of the SO Team functions and authorities.

While there is no requirement to document a results package, it is essential to document and obtain approval for activities. The rest of this lesson provides the information necessary to accomplish this. The discussion of SO Team structure, authorities, funding and funds transfer instruments, i.e. the other constituent parts of a results package, are included in following lessons.

C. **Principles of Activity Planning**

The Agency's programming approach for activity planning is based on several principles that are intended to promote flexibility and speed of response while minimizing internal processes and reducing cost. They are summarized as follows:

- **Activities must support achievement of approved Intermediate Results.** The purpose and justification of any activity is to achieve a strategy's Intermediate Results. Activities which are not directly associated with an Intermediate Result are not permitted. SO Teams should question and avoid activities with no tangible impact on an Intermediate Result.

- **Strategies are approved at a Bureau level, activities are planned and approved by Operating Units and their SO Teams.** This approach focuses program accountability on results (not just inputs and outputs) and gives Operating Units and SO Teams the flexibility to adjust activities as needed based on local circumstances. SO Teams or designated sub-teams may change tactics, work plans, and activities as long as this improves the probability of achieving agreed upon Strategic Objectives. Some activities may need approvals at higher levels due to special concerns (such as use of cash transfers) or when special waiver authorities are needed.

- **Simplicity and low management cost.** Activity design should seek to group activities into the fewest number of management units possible and delegate appropriate decision making to implementing entities, consistent with their capacity. This serves to lower USAID management and procurement burdens, reduce USAID's overhead costs, and enable staff to focus more on development issues rather than internal processes.

- **Documentation flexibility.** Operating Units and SO Teams are given flexibility in determining the documentation necessary to support approval of activities and establish an audit trail. This flexibility is provided to reduce cost and improve efficiency. Guidance on acceptable standards is provided in ADS200. Final determination on the appropriateness of approval documentation rests with the approving official (Mission Director, Washington Office Director for a Washington managed activity, or SO Team leader with delegated approval authority).

## D. Ten Steps in Activity Design

The process of developing activities necessary to achieve a Strategic Objective can be complex. The following provides an outline of key steps in this process that are applicable to a broad range of situations. Not all steps will be taken in all cases. While the steps are described in a step-by-step fashion for clarity of presentation, in actual practice they typically occur in an iterative, more or less concurrent, process. Steps are revisited several times as the process moves along.

The SO Team leads this development process and will need to call on expertise from its Legal Advisor, Contracting Officer, Controller, and Program Officers to determine the steps that are needed for a particular case. Early consultations with all of these experts is important to ensure that regulatory requirements are met with minimal delays.

To ease the workload associated with activity planning and to further Teamwork and Empowerment and Accountability, the SO Team might consider forming sub-teams around small sets of IRs and delegating to them some or all of the following planning steps. Similarly, once

activities are planned and approved these same sub-teams (commonly called a Results Teams or IR Teams) or other configurations may be delegated management functions for groups of IRs or activities.  In the case of delegation to sub-teams the SO Team – as the lead of the process – will conduct reviews and approvals of the sub-teams plans and decisions on a periodic basis.  Alternately the SO Team may decide to conduct all activity planning and management as a full group.

The time required for completing procurement processes and obtaining start-up funding can mean that little impact on results will occur for several months after strategy approval. For this reason, the SO team should seek to complete as many of the steps as is possible and prudent during the strategy development and approval process.  Minimizing time-lags between strategy development and activity start-up is essential to ensure that the strategy and activities remains relevant and useful in a changing environment.

1.  **Flesh out the Results Framework**
    Results Frameworks submitted for Bureau approval are typically summary renditions of a more complex set of results necessary to achieve a SO within the life of the strategy.  When developing strategies and activities, a SO Team will work with, or think in terms of, a more detailed set of Intermediate Results.  If the SO Team does not have an sufficiently fleshed out RF for purposes of activity planning, they will need to develop one by thinking through what other Intermediate Results are needed to achieve those already on the framework.  This typically requires tracing the causality of the RF three or more levels below the Strategic Objective level.   Confirming the categories of customers to be affected by each IR is often helpful at this stage to complete subsequent steps.

2.  **Clarify role of other institutions in achieving Intermediate Results**
    In most strategies, USAID is just one of several entities contributing to the achievement of Strategic Objectives.  Host country governments, other donors and private parties play central, if not leading roles.  Results Frameworks (summary or detailed version) should include IRs necessary for meeting the Strategic Objective even when these are not financed by USAID.  To the extent that USAID's success is related to that of others, it is vital to understand whether their activities are likely to be realized, and how their outputs and results complement those of USAID.  The process of coordinating outputs and results with other entities begins during strategy development and continues through activity planning.  It often requires on-going effort throughout the life of the SO.   The SO Team will need to ensure it is not duplicating outputs financed by others and that there are no critical gaps in creation of outputs that might compromise achievement of results.  The following steps refer to outputs financed by USAID.

3.  **Determine major outputs necessary to affect each Intermediate Result**
    The SO Team or sub-team will need to list the major USAID financed outputs needed to achieve each Intermediate Result along with a timeframe for completion.  The level of detail should be sufficient to complete the activity planning process steps.  This list of outputs and estimated completion dates will eventually be incorporated into various grant and contract documents.  Implementing partners (those receiving USAID funds) will develop more detailed output plans as part of their work planning process.   Each output should be

necessary to achieve the IR.  Various technical analyses may be necessary to make informed choices on the most desirable outputs that are feasible.  These may include economic, social soundness (including gender), environmental, technical, administrative, institutional and cost-benefit analyses.  The type and level of analysis needed is determined by SO Teams and the approving official (see below).  Much of the needed analytical work is normally carried out as part of the Strategic Plan.

4. **Identify implementing institutions and determine their capacity**
   Two related but different capacities are important.  First is the capacity to produce the desired outputs and results, second, the capacity to meet USAID financial accountability requirements.

   For regional or global programs, this step may be as simple as deciding whether a contractor or grantee is most appropriate.  For country programs, the selection process is more complex.

   Institutions may include:
   - Government ministries and agencies,
   - Local governments,
   - Local or expatriate educational institutions,
   - Local or expatriate institutional contractors and
   - Local or expatriate non-government organizations.

   Host governments will often have major involvement in activity planning decisions, particularly when use of expatriate technical assistance or local non-government organizations is considered.  A key issue for USAID is the capacity of host country institutions to affect ultimate customers in a sustainable manner over the long term.  Capacity to meet USAID's financial accountability requirements is equally critical.  Certification of the latter is required prior to providing funds.

   External technical assistance is commonly used to strengthen institutions.  Creating new institutions when existing capacities are extremely limited is also considered.  In this case, creation of the new institution would be a major activity in itself.  Weighing options and making good choices involves significant expert opinion and experience.  Technical analyses are often necessary for this purpose.  At times planned outputs are modified or new ones considered to take into account an institution's particular capabilities.

   When this planning step is completed, planned outputs will have been grouped by the institution(s) that is expected to achieve them. (Oliver, John suggest we replace previous sentence with; Planned outputs will have been matched by the type of institution that is expected to achieve them.

5. **Formulate initial cost estimate and develop financial plan**
   This step involves determining the specific inputs required for each institution to produce desired outputs, estimating the cost of these inputs, and making decisions about the source and method of financing.  Since USAID funds are provided on a fiscal year basis, it will be

necessary to break out budgets by fiscal year based on the planned completion time estimates developed in step 3 above.

It is USAID policy to require that grant recipients (host government or non-profit organizations) co-finance part of the costs of an activity. This is referred to as a counterpart contribution. For grants to host governments, counterpart financing may be provided by other donors. Some policies and regulations limit the type of costs that USAID may finance. For example, salaries of government officials, non-US vehicles, and maintenance of infrastructure are examples of costs that USAID prefers to avoid. Where possible, these are funded from counterpart funds.

Matching the source of funding with the output to be financed is critical. Most dollar funds are tied to specific earmarks and directives that limit their use to specific types of activities (see budget lesson). Unrestricted funds – i.e. those not subject to limitations - are generally in short supply. Activities that only qualify for unrestricted funds will be more exposed to potential budget shortfalls. In addition to USAID dollars and counterpart contributions, in kind resources provided through PL480 Title II and III, as well as host country owned local currency that is jointly programmed with USAID may sometimes be available to support certain activities.

6. **Select funds transfer instruments and develop procurement plan**
   Formal instruments are used to transfer funds from USAID to implementing partners. Some will serve as obligating instruments which legally bind USAID to a particular course of action (see below). Others will be subsidiary to a higher level obligation instrument. Use of these instruments is highly regulated and requires legal or contract officer expertise. The range of instruments and selection among them is discussed in Unit 2. They include:
   - An agreement with the host government
   - A grant or cooperative agreement with a Private Voluntary Organization
   - Grants or sub-grants to local Non-Governmental Organizations
   - A contract with an international or local firm.

   More complex situations involve transfer of USAID funds through several entities in succession – for example from a Finance Ministry to a Health Ministry to local governments to a local contractor and local grantees. In such cases, it is useful to complete a schematic drawing that traces funding flow from USAID to and through the various entities. This is used to clarify relationships and ensure that capacities at each level are assessed according to the outputs they are expected to produce and applicable financial accountability requirements. Some type of formal instrument will be used whenever funds are transferred between institutions following either USAID regulations or local laws. The objective of the SO Team is to structure the formal relationship between all involved partners so as to:
   - Maximize the likely impact on customers
   - Minimize USAID management burden
   - Minimize audit vulnerability

   The result of this step is a selection of the obligating and sub-obligating instruments that will be used, and what parties they will be used with.

In most cases, contracts and grants to non-governmental entities will be executed by a USAID Contracting Officer. In rare cases, a host country government entity who is party to an obligation agreement with USAID will execute contracts or grants for activities. In either case, a procurement plan needs to be developed that confirms the procurement regulations to be followed (host country or USAID, competitive or non-competitive etc), the time frame for procurement processes to be completed, and the need for selection committees to be formed if necessary. These processes are discussed in more detail in Unit 2.

7. **Determine and meet additional pre-obligation requirements**
An obligation is a legal agreement committing USAID funds for the purchase of goods or services or for the purpose of providing assistance for a public purpose. Obligating instruments include, among other documents, grant agreements with foreign governments, contracts with U.S. firms, cooperative agreements with local non-governmental organizations and certain types of inter-agency agreements with other U.S. Government agencies.

An obligation always involves USAID and a partner entity. The obligating instrument commits USAID and the partner to provide the resources and follow the course of action described in the obligating document. Obligations with host country governments have the force of international law. Those with non-government entities are backed by US domestic, and when applicable, host country laws. Funds that are obligated in an agreement are not available for other purposes.

The legally binding nature of obligation instruments means they have to be entered into carefully. Extensive regulations at both USAID and federal government levels specify what steps must be completed before an obligation can take place. These pre-obligation requirements are discussed in detail in ADS 200. The major categories of pre-obligation requirements that apply to USAID-financed activities are outlined here. The first requirement on adequate planning will have been met through completion of strategic plans and the activity planning steps described above. The complete summarized list of requirements is as follows:

a) **Adequate Planning** – Activities must be adequately planned and described. This requirement includes:
   ♦ A description of how activities are linked to an approved Strategic Plan and Results Framework.
   ♦ An illustrative budget which provides a reasonably firm estimate of the cost to the USG.
   ♦ A plan for monitoring the impact of the activity on results achievement (see unit 3).
   ♦ Appropriate feasibility analyses needed to support approval of activities. (e.g., social soundness analysis, institutional analysis, cost/benefit analysis)
   ♦ A procurement plan that states the timeline for implementation including expected completion dates to be included in the appropriate implementing instrument, and

includes plans for competition or for waivers of competition, and source and origin requirements or waivers.

♦ Other waivers if necessary.

b) **Environmental Review:** An appropriate environmental review consisting of an Initial Environmental Examination (IEE) must be completed prior to any obligation of funds. The IEE is one of the few activity level requirements that must be referred to USAID/W for approval (Bureau Environmental Officer). In some cases, a more involved Environmental Assessment will be required to identify appropriate mitigation measures which would need to be included as part of the activities implemented.

c) **Country and Activity level statutory reviews**: This consists of completing checklists of statutory prohibitions or requirements which apply to the country in question and/or to the activities being funded. Statutory checklists are a formal mechanism used by USAID to identify legal issues in designing programs. They are updated by the Office of General Counsel each year, and are organized in two parts: Country Checklist and Assistance Checklists. Country checklists are prepared annually by the USAID/W country desk officer, while the Assistance Checklist is prepared by the Operating Unit usually once for the first FY obligation for a particular program or activity (or more if the activity is substantially changed).

d) **Congressional Notification**: Congress must be notified of the Agency's intent to obligate funds for the SO or activity and there must be no outstanding congressional objection.

e) **Funds Availability**: Funds must be available and their availability shown on the record. Obligations therefore can't take place until the budget for that fiscal year has been provided to the unit incurring the obligation.

f) **Approval by an Authorized Official**: All activities and related obligating instruments must be approved by an authorized official (see below for approval authority and documentation).

8. **Determine appropriate SO Team management structure**

A key part of activity planning is determining how USAID will manage them. SO Teams are the responsible management unit. Operational units are responsible for ensuring that SO Teams are managing for achievement of their Strategic Objective. Lesson 1.5 On SO Team formation discusses the options available to SO Teams for organizing themselves to manage activities. The following provides some additional considerations focused on information that is needed for formal approval of the activities.

a) **Activity Management Functions**

At this point in the activity planning steps, the activities to be implemented have been matched by the type of institution who will do the implementing and the instruments to be used. To determine what management support is needed on behalf of the SO Team, it is useful to start with the functions that the SO Team needs to carry out and the

level of effort and expertise that will be needed in light of the activities and institutions involved.

Managing Activities entails the following general functions:

- Moving funds incrementally on an annual basis to implementing entities
- Providing USAID approvals of work plans and other actions as specified in the agreement instrument
- Ensuring that payment requests are appropriate
- Providing necessary information on USAID or host country procedures that apply to implementing entities (e.g. customs clearance to obtain duty exemptions)
- Monitoring expenditures and outputs
- Assessing activity contribution to results achievement
- Adjusting tactics and strategy when necessary

The skills and level of effort to carry out these functions will vary according to the nature of the activities.

**b) Recruiting Additional SO Team members**

To help carry out these functions, SO Teams often recruit Personal Services Contract (PSC) staff using program funds (Foreign Service Nationals, US or Third Country Nationals). In some cases other types of temporary staff such as fellows or PASAs can be recruited as well. When such recruitment is planned and financed with program funds, it effectively becomes an additional activity under the SO which has to be planned and budgeted for. PSCs are considered employees of USAID for purposes of program management and can function as core members of the SO Team.

The other option for providing management support is recruiting additional non-USAID staff. As discussed in the SO Team Formation lesson, external members of the SO Team are limited to functions that are not considered "inherently governmental" and hence restricted to core members. However, the expertise and knowledge of external members can be invaluable in helping to manage activities successfully. Typically, representatives of major implementing partners will become members of the SO Team.

**c) Organizing the team**

When seeking approval for activities, it is important to be able to describe not just who will be on the team to manage them, but also, how the team will be structured to manage. Team Charters and SO Team Management Contracts should be adequate for this purpose (see lesson 1.5 on Team Formation). In the absence of such documents, or to supplement them, a description of how the SO Team will manage activities to achieve specific IRs can be included in the activity approval documentation.

Lesson 5 on SO Team Formation discusses how SO Teams can structure themselves to manage planning, achieving and assessing functions. This goes beyond activity management in a narrow sense to managing for results.

### 9. Prepare activity approval documentation

There are several acceptable options for documenting activities and their formal approvals. Documentation at a minimum must be sufficient to:

- Briefly describe the activity or activities;
- Demonstrate that pre-obligation requirements have been met;
- Record approval of any waivers of policy or regulations if these apply;
- Clarify who is responsible for management of the activity(ies) in USAID;
- Provide an audit trail.

SO Teams establish documentation requirements for approval in consultation with the approving and obligating officials, and others who may be involved in the Operating Unit's activity design and approval process. Documentation can be completed for individual activities, for groups of activities, or for the entire Strategic Objective (all activities). Options for documentation of activity design and approval include:

- An Action Memo encompassing one or more activities and including descriptive documentation (by reference or annex)
- A Modified Acquisition and Assistance Request Document (MAARD) signed by an authorized official with an offerors proposal and/or other documentation prepared by the Mission as annexes
- A cable authorized by the approving official which provides approval to specific activities whose documentation is referenced in the cable (useful for activities such as cash transfers that may be approved in Washington).
- Signing of a bilateral obligation instrument such as a SOAG when the USAID obligating official is the same as the approving official and adequate documentation describing the activities is explicitly referenced in the agreement
- An Implementation Letter to a bi-lateral obligating agreement (SOAG) when documentation is annexed or explicitly referenced and the letter is signed by a USAID official authorized to approve the activity.

Generally, the more activities that can be included in one document, provided the design and associated pre-obligation requirements are adequately covered, the more streamlined the process will be. Economy in documentation obviates the need for repetitive approvals to meet the same pre-obligation requirements (such as IEEs), and helps eliminate potential confusion as to what activities are included under what documentation thus leaving a clear audit trail. Guidance on appropriateness of different documentation is provided in ADS200 (pre-obligation guidance).

### 10. Obtain approvals

Delegations of authority contained in Mission Orders and their Washington equivalents specify who may approve activities and who must clear approval requests (see delegation of authority discussion in Team Formation).

It is important to note that while some officials have authority to approve an entire set of activities, this authority may not extend to all types of approvals needed. For example the Bureau Environmental Officer will need to approve every IEE, and specific waivers may need to be approved at a higher level. SO Teams need to work closely with their legal advisor, contracts officer, controller and Program Office experts to determine appropriate approvals in specific cases.

In a host country situation where a program is implemented bilaterally with a host government, approvals of the host government will also typically be needed. This often takes place through signing of obligating documents (eg Strategic Objective Agreements (SOAGs)) or through Implementation Letters for such documents that record approval of specific activities.

Once all approvals are obtained the activity planning phase is complete.

## F. Next Steps: Achieving, Assessing and Learning

Once the SO Team is satisfied that they have a clear plan, and adequate documentation, for implementation, the team can move into the nuts and bolts of managing their program. This will entail using Acquisition and Assistance (A&A), covered in unit 2, to make the program and activities become real. This will also necessitate monitoring the activities and results to ensure the SO is being achieved. Unit 2 also discusses A&A administration. Unit 3, Assessing and Learning, will describe the process of collecting information, called performance information, on programs and activities and analyzing and using it to assess performance and adjust programs and activities.

In summary, although procedures may vary somewhat between Operating Units, it is imperative that each organization has its own procedures in place to plan an activity or grouping of activities leading to implementation. Documentation is especially important to record decisions and for the pre-obligation requirements discussed above.

## Lesson 8: Budget Planning     **TEXT WITHHELD
**This lesson is still pending a rewrite.**

### Learning Objectives:

In this lesson, the trainee will learn:

1.  The basics of the US budget cycle and how it effects USAID's program planning;
2.  Budget parameters that define Agency budget allocations;
3.  The responsibilities and implications for Operating Units in each phase of the budget cycle - formulation, justification and implementation;
4.  Requirements regarding congressional and technical notifications;
5.  Common mistakes to avoid in budget planning; and
6.  The significance of pipeline and forward funding.

### Outline – Unit 1, Lesson 8

A.   Overview of the U.S. Budget Cycle
B.   Budget Parameters
C.   Phase I - Formulation: Agency Budget Formulation
  1.  Results Review and Resources Request (R4)
  2.  The Process Plays Out at Multiple Levels
  3.  Conclusion of the Formulation Phase
D.   Phase II - Justification: OMB Submission and Congressional Presentation
E.   Phase III - Implementation: Operational Year Budget
  1.  Implementation Begins
  2.  Appropriations Are Limited By
  3.  Continuing Resolution
  4.  Apportionment
  5.  Section 653(a) Report
  6.  Getting Funds to Operating Units
  7.  Available Fund Accounts
F.   Congressional and Technical Notifications
G.   Budget Mistakes to Avoid
H.   Pipeline and Forward Funding